

3 1761 11969945 2

20N Z1

-75V114

Government
Publications



THE ROYAL COMMISSION ON VIOLENCE IN THE COMMUNICATIONS INDUSTRY

RESEARCH REPORT

ALTERNATIVES FOR CANADIAN
TELEVISION

by

Stuart Griffiths
Communications Consultant

1976



PRE-PUBLICATION COPY

The views expressed in this report are those of the author(s) and do not necessarily reflect those of the Royal Commission on Violence in the Communications Industry, whose conclusions will be presented in its Final Report.



ALTERNATIVES FOR CANADIAN
TELEVISION

by

Stuart Griffiths
Communications Consultant

TABLE OF CONTENTS

	<u>PAGE</u>
1. INTRODUCTION	1
2. TELEVISION DEVELOPMENT IN CANADA	6
3. PROBLEMS FOR THE PRESENT SYSTEM	10
4. PROBLEMS FOR CANADIAN TELEVISION PRODUCTION	21
5. THE COST OF THE PRESENT SYSTEM	24
6. HORIZONTAL vs VERTICAL	32
7. AN ALTERNATIVE SYSTEM	36
8. TELEVISION CANADA - THE STRUCTURE	47
9. TELEVISION CANADA	51
10. TELEVISION CANADA FACILITIES	55
11. DEVELOPMENT OF TELEVISION CANADA	59
12. POLITICAL ACTION	62
13. CHARTS	85
14. COPY OF PROPOSED AGREEMENT (Canada and (Manitoba)	100



Digitized by the Internet Archive
in 2024 with funding from
University of Toronto

<https://archive.org/details/31761119699452>

THE ROYAL COMMISSION ON VIOLENCE

IN THE

COMMUNICATIONS INDUSTRY

ALTERNATIVES FOR CANADIAN TELEVISION

INTRODUCTION

By definition, the focus of the inquiry of the Royal Commission is on violent content of mass communications. That is not the immediate focus of this study. This report was undertaken at the request of the Royal Commission to deal with the structure of Canadian broadcasting, whose shortcomings and problems make it difficult, if not impossible, for Canadians to influence and control the content of broadcasting available to them. This study undertakes to suggest solutions to the dilemma of a broadcast system which is shaped and distorted by forces outside of domestic control, more often than by decisions consciously taken by Canadians within the Canadian political, social and economic framework, notwithstanding the aspirations for a truly Canadian system.

Of all mass communication available to Canadians, television, because of its pervasiveness, its power to inform, instruct and entertain, to mould our attitudes and sometimes our behaviour, gives it a singular vehemence. Now problems which have grown up with the development of the Canadian television

system must be solved if television is to play an optimum role in the social and cultural development of Canada, indeed in the very unity of the country.

For three decades, from 1934 to 1960, Canadian radio, and in particular, the Canadian Broadcasting Corporation, was the single most important means of knitting the country together, entertaining it, informing it and influencing it. Its importance was disproportionate to its size and resources. For most Canadians, French or English speaking, radio substituted for a film industry, a national theatre, a national newspaper, a national magazine.

Our larger cities, then as now, had other cultural amenities, but those were not readily available to the many Canadians (more, during the span of thirty years, than now) who lived outside the cities. Although not isolated from their powerful neighbour to the south, Canadians were in those decades less conditioned and less influenced by the United States.

It was a maturing time for Canada, substituting a pervasive British set of values for qualities uniquely our own and reflecting our disparate origins, sharing a continent with a nation of vigorous, dynamic people whose similarities to Canadians vastly outweighed its differences. As U.S. and

Canadian political, judicial and social structures stem from our common British heritage, so does the language of expression common to the North American majority, which flows unhindered across the common border. For Canadians of French expression, a language barrier has protected and fostered a divergent culture. A part of the Canadian reality was and is its juxtaposition to the United States, a neighbour of power, wealth and mostly unaware influence, ten times the population of Canada.

A generation of passionate Canadians appeared during those years. Their influence spread throughout the country, helped by radio. Canadian radio played a unique role during the Second World War, reporting and linking those at home with those away.

Television was developed in Britain during the thirties, but was not available until after the end of the 1939-1946 war. Almost immediately after hostilities had ended, television was launched in the United States and developed rapidly. At first it was available only to those Canadians living near the border who could receive American stations. In 1952, Canada began telecasting.

Television provided an illusion of reality which transcended radio. For many, it was difficult to separate its ephemeral

image from reality. Seeing was believing, which made the medium different, less imaginative yet more powerful, than radio. If one saw it on the box, it existed, if only for the moment. Within a decade after the end of the war, television had usurped the place of the radio, which became another of the conveniences of living, as the gramophone, the telephone and the automobile.

Canadians escaping from a depression and searching for an identity emerged from the war a different people than had entered it. The contributions and experiences of Canadians during the war had provided a confidence and a pride that stimulated a rapid expansion of industrial, economic and cultural life. Our people came out of that war with a greater knowledge of and interest in, the world outside our borders. Television was there at hand to further that knowledge, to feed that interest. But daily exposure to television has made Canadians more American.

Conditioned by two decades of television reportage of American wars and domestic conflict, Canada accepted those images as her reality, and added them to images of her own violent incidences as duly reported by ubiquitous Canadian television cameras. Canadians can thus be seen to be twice blessed -- they are influenced in their values and modes of life by the United States, accept its violence and add it to their own indigenous

violence. Pity, by comparison, the poor U.S. viewer, who has only his own American violence to watch, since rarely on his home screen does he see anything of his northern neighbour.

A Toronto viewer has more television to choose from than has one in New York or Chicago or Los Angeles. Unlike the U.S. viewer, whose television diet is almost 100% American, what the Canadian sees is overwhelmingly non-Canadian. Canadian viewers who are not so advantageously located as those of Toronto, often complain that they are deprived and clamour for more viewing choice. What does seem obvious is that every Canadian viewer wants a richer system, providing more than the 2 or 3 or 4 choices presently available to him. Cable has stepped in to provide that choice, at least for viewers in the larger Canadian cities, where, by connecting to a cable system, a viewer may today have access to more than 20 channels. Proportionately, Canada has already more cable connections than any other country in the world.

Regulations imposed by the federal broadcasting authority, the CRTC, require cable operators to carry all local Canadian signals, and then permit the remaining available channels to carry American signals. Those signals originate from stations outside Canada, which are neither regulated, licensed

nor controlled by Canadians. They constitute hot competition to Canadian telecasters for the Canadian audience. All American television (with the exception of PBS stations) is financed by advertising. So are the majority of Canadian television stations. The Ontario educational stations and the CBC are exceptions. The TVO stations are entirely financed by provincial appropriations while the CBC receives 20% advertising, and the balance of its revenue from parliamentary appropriations. Advertisers buy numbers of viewers watching. Even the CBC is caught up in the numbers game as it tries to justify its cost by viewing figures.

What the Canadian broadcasting service carries is American-produced television programming, received off-air by border viewers, through cable from American stations, or from Canadian stations directly. At present, Canadian content on many cable systems is probably not more than 20% of what is offered.*⁽¹⁾ During 1976, there was pressure on the federal government to license Pay-TV, which would provide further competition for viewers. Most of the content of any such system would be U.S.-made programming.

This then, is the Canadian system as it exists in 1977. Even it is unlikely ever to become available to more than 70% of Canadian homes.

What the Parliament of Canada described in The Broadcasting Act of 1968 as the Canadian Broadcasting Service is steadily becoming less Canadian in quantity, quality and availability. It is increasingly indistinguishable from the system made in the United States for American viewers, and is increasingly beyond any effective Canadian control.

If Canadians desire a distinctively Canadian broadcasting service as described by the Broadcasting Act^{*(2)} there is little chance in the present scheme of things for those who are concerned about identity, violence and pertinence. What a system does not determine and originate, it cannot control. It is no longer responsive to Canadian needs nor is it likely to be, if it continues on its present course.

This study is to explore an alternative Canadian system.

*(1) See pages 41, 42

*(2) Broadcasting Act (Chart F)

TELEVISION DEVELOPMENT IN CANADA

There are 6.7 million homes with television in Canada today. The number of television homes is increasing in direct relation to population increase. Many of these homes have several television sets, enabling simultaneous viewing of different programs by different members of the family. Twenty-five years ago there were 47,000 sets in the country. They were located mostly in the Toronto-Niagara area, all purchased by Canadians to watch American programs because there was then no Canadian television.

Canadian television was introduced by the CBC in the autumn of 1952, broadcasting in English and French. Television developed rapidly along lines similar to CBC radio - a combination of CBC owned-and-operated stations located in the larger cities, forming a network with owned-and-operated stations located in smaller markets. By 1955 about 60% of Canadians could watch the Canadian broadcasting service - programs presented by the CBC, the private stations and, for those who were within range, the U.S. stations across the border. While a combination of Canadian and U.S. programs has always been a characteristic of the Canadian television service, in the early 50's there was, ironically, a higher proportion of Canadian-produced programs than are broadcast today.

The early years of Canadian television were affectionately

labelled "The Golden Years" by the CBC when it celebrated its 20th television anniversary in 1972 because Canadians watched more Canadian programs than they do now. Canadian producers and directors and performers developed rapidly and were recognized as among the best in the world. And soon, because the limitations of Canadian opportunities and budgets could not keep pace with their aspirations, many of the most talented of the first crop of English-speaking television "Golden Years" creative personnel drifted away from Canada. They were only the first, and have been followed by many more in successive years. Perhaps this must always be the role of English-speaking creative talent who in reality live in a larger competitive world than their French-speaking, no less talented, creative colleagues.

The places of those who left Canada were filled by older, less talented and younger, less experienced creative workers. In the years since, much the same pattern of training, frustration and leaving, or staying, has continued. Older, less creative veterans frequently graduated into supervisory jobs in the CBC while the more aggressive, younger creative people free-lanced with only contractual relationships with the CBC, the main employer for creative talents during the 1950's. Popular programs of real quality often resulted from such relationships. If one was seriously interested in the medium of television in a creative way, there was no other employer in Canada. It is not surprising that CBC's staff grew rapidly.

By the end of the 50's, public pressure was forcing the development of 'second stations' to provide alternative viewing for those Canadians who could only receive one channel and by advertisers who wanted additional choice and competition in television advertising. In 1961, the Board of Broadcast Governors, as the federal regulatory authority was then known, licensed the first group of 'second' stations in Toronto, Montreal, Ottawa, Winnipeg and Vancouver. So began the "commercial" network which rapidly increased in number of affiliates. Little noticed, about the same time, was the beginning of cable television. This was a privately financed effort to provide television to areas where ordinary television receivers could not obtain reception, and in urban areas to provide 'choice' where there was only the CBC. The 'choice' was usually American.

The addition of the second network increased the total hours of Canadian viewing and, as it could afford it, the second network was gradually able to mount programs that if not in budget, at least in popularity, competed favourably with those produced by the CBC. Since neither Canadian network could compete with the U.S., in either budget or program, each network used the U.S. programs to attract audience to an adjacent Canadian program. The regulators, first the Board of Broadcast Governors, and then its successor the CRTC, gradually increased the requirements in the quantity of Canadian production required of all Canadian stations. The regulators realized that while quality of production was an

important factor in viewer choice, there were practical limits that had to be observed for simultaneously they had to keep the pressure on the 'second' stations and network to expand into less and less profitable coverage where viewers nevertheless wanted choice. These efforts increased the viewing of Canadian stations and, according to their popularity, of Canadian-produced programs.

By the middle of the 60's, colour television which had earlier come to the United States, came to Canada. Viewers who purchased the first sets now sought more choice of coloured programs to justify the cost of their sets. Many colour television viewers living in cities soon discovered that while acceptable black and white reception had been possible, colour suddenly made defects of reception apparent. From the end of the war, more and more Canadians moved to the cities and the increasing number of large apartment and office buildings made colour television extremely difficult as the direct signals were shielded and reflected.

Cable television became the urban solution to provide more choice and technically better reception. It has extended rapidly through the late 60's and 70's. In many cities it is the main means of television reception. Cable is further developed in Canada than in any country in the world.

It is cable television and its effects that have changed the nature of Canadian television from a narrow to a broad-choice system with apparent enthusiastic support from the Canadian viewer.

PROBLEMS FOR THE PRESENT SYSTEM

Cable Television

The Canadian regulators were reluctant in their handling of cable television. The BBG and the CRTC ignored it, then slowly recognized it, then isolated it, then tried to limit it, and finally only through immense public pressure, accepted it. Its Canadian history may represent hardy pioneering on the part of the operators and the triumph of public will in a democracy, for certainly the role of the regulators was not a perceptive one. One can perhaps forgive the earlier Department of Transport and the Board of Broadcast Governors, for in their days of responsibility for broadcasting, cable television was a very small thing. By the 60's, its potential could be perceived and by 1967 its role was clear, technically if not legally. Yet the current Broadcasting Act enacted in 1968 pays scant attention to its role in the Canadian broadcasting service.

Broadcasting, both radio and television, has always been regarded as a federal matter and has been so interpreted by the courts. Thus, even a provincial broadcasting enterprise must be licensed by the federal regulator, currently the CRTC. Cable companies have thus been licensed to receive programs so broadcast, bringing them within the federal definition contained in the Broadcasting Act^{*(1)}.

*(1) Broadcasting Act - (Chart F)

But is cablecasting (transmission of programs directly onto the cable system) broadcasting? It can be argued that unless programs are transmitted by Herzian waves through the ether, they are not "broadcast" within the meaning of the Broadcasting Act. The Broadcasting Act's definition of broadcasting inhibits the logical improvement of the technical quality of the television pictures and unless redefined, may increase pressure to bring broadcasting within provincial jurisdiction.

The technical quality of programs carried by every cable company could be greatly improved by a direct connection from the television broadcasting stations they relay. At present the program must first be transmitted and received before being relayed to cable subscribers. If all of a station's viewers in Canada were subscribers to cable would there be any point in transmitting the programs through the ether? Cablecasting is making transmitters redundant without increasing the number of viewers to the station. It provides only an alternative means of delivery.

It is not yet clear whether all programs carried by a cable company fall under federal jurisdiction within the Broadcasting Act. Jurisdiction over the programs the cable companies originate themselves, or relay by microwave from other points such as major sports events, motion pictures, etc., requires

clarification. The CRTC has taken the position that all such programs fall to it for regulation but some operators and provinces dispute the federal jurisdiction over the carriage of such 'closed circuit' programs.

Uncertainty and apprehension in the federal mind is undoubtedly what is behind the unaccustomed and unseemly speed with which the Federal Minister of Communications has indicated her wish to see Pay-TV introduced into Canada. It is not the health of broadcasting nor the will of the people that is her concern, but the fear that if speedy action is not taken by the Federal Government, Pay-TV may start without federal authorization and be so rapidly developed as to make future regulation difficult or impossible. Ontario has already licensed one such operation in Toronto, although at date of writing, jurisdiction has not been tested in the courts.

An urgent problem for Canadian broadcasting is therefore a resolution of the question, when is cablecasting not "broadcasting"? This clarification is important not only for cable TV but also for conventional broadcasting.

The Television Broadcasting System

The problems of the Canadian television broadcasting system can be examined from the different vantage points of the viewer, the broadcaster, the cable operator and the regulator.

1. The Viewer

There is great disparity of television service among Canadian viewers. The quality and quantity depends in large part upon where one lives. Those who live in the more remote areas of the country lack adequate television service, although attempts have been made to provide service by such means as videotape shipments and low power relay stations. Such remote parts of the country will continue to be inadequately served until their population greatly increases or until direct satellite-to-viewer reception is possible. That isn't likely in the next decade. The relative number of such Canadians is small but the very remoteness and the lack of available intellectual and entertainment amenities would normally entitle them to high priorities in extension of service. There is a steady reduction in the rural population of Canada. People are continuing to move to the cities. Within the next decade it is likely that fewer than 5% of Canadians will be rural dwellers - that is, about 325,000 television homes. These viewers now receive whatever they can pick up off air from direct transmission. It is usually at least one CBC and one CTV station or relay. Their case for more and better television is a good one, for after the remote areas, the rural sections of the country possess

the fewest social facilities. If television is looked upon as a service to viewers, the factor of need dictates these priorities.

Of the remaining TV homes, in our towns and cities, fully 2/3 are in areas where they can presently, or shortly, subscribe to a cable system and so improve their choice of programs.*⁽¹⁾ There remain, however, over 2 million homes in areas which to date have not been sufficiently commercially attractive for cable TV to be introduced.

The operation of the market place has led to the situation where large cities, already the richest in social amenities, provide also the richest in television choice. The areas of Canada where television enrichment would be socially just, where the need is greatest, are those least well served. There is an analogous situation for French-English minority viewers. The francophone viewer in English Canada and the anglophone viewer in French Canada (other than Montreal) has access to a TV choice on the level of a rural area that is only one, or perhaps two, channels.

*⁽¹⁾ (Chart G)

The CRTC Annual Report 1975-76 reports:
41.9% of television homes were wired (2,560,000 homes) 65% of television homes are within wired areas (4,366,800 homes)
35% of television homes are outside of wired areas (2,336,200 homes). Television homes 6,703,000 (100%). On the basis of past growth during 1977 there should be: 43.3% of television homes wired (2,900,000 homes) 67% of television homes within wired areas (4,500,000 homes) 33% of TV homes outside of wired areas (2,200,000 homes).

Television of broad choice is available to an increasing number of Canadians but on a basis of what is profitable to the cable operator, not only where the need is greatest. Broad-choice is identified with the spread of cable. Cable has brought us the whole overwhelming U.S. television system and thus, a diminution of the Canadian identity - all of the buttons on the converter are equal and anonymous. The "Golden Years" are a long way back.

2. The Broadcaster

The television broadcaster had far better hopes for an enlarging audience in the 50's than he has today. Although his audience then was smaller, it had growth potential as more and more radio listeners bought television receivers and joined the ranks of the viewers' competition. In many locations, he provided the only service and thus had 100% of the audience. It is true that if he operated a border station, he had to compete for his audience with U.S. stations but then he had some compensating advantages - he could carry U.S. programs, often ahead of their U.S. release, and he could offer a distinctive Canadian viewpoint and information to his Canadian viewers. Even the introduction of 'second' Canadian stations in the 60's did not seriously threaten the existing CBC audience base, because the audience was growing so rapidly with so many new viewers. What happened was that people simply watched more television.

Revenues rose, the quality of Canadian programs rose and gradually the Canadian stations gained the largest share of the Canadian audience - albeit with plenty of U.S. programming.

Canadian broadcasters converted their broadcasting plants to colour before it was really economical for them to do so. Then, not long afterward, their audience share began to diminish. This was a result of the new cable companies which sprang up to provide improved colour reception for urban viewers. What they also did was to import competitive signals which had hitherto not been available. At first, the audience fragmented to the wider choice offered by cable. Then revenues to broadcasters declined as the numbers of viewers fell and then declined still further as the U.S. border stations, brought to the market by cable, began to compete with the Canadian broadcasters not only for share of the audience, but also for the Canadian advertising dollars he needed to finance broadcasting. It was particularly bad for the private broadcaster. The CBC could look to increasing parliamentary appropriations to take the place of lost advertising revenue and escalating program costs to continue to compete with the imported channels. But the private broadcaster was dependent on commercial revenues and at

the same time under pressure from the CRTC to extend coverage to more Canadians, which increased his operating costs but not necessarily sufficient revenue from the additional audience to cover the increased costs. These factors led the private station owner to economize by decreasing local service and by co-operatively purchasing more of his programs with his fellow network stations. These developments were a net loss to Canadian performers and artists.

The CRTC tried to limit the number of stations carried by cable system by prohibiting their import by microwave into areas where even a cable head-end (community antenna) could not provide good reception. The public, however, demanded choice and the CRTC could not withstand the inevitable pressure. It was forced to give in. Some broadcasters sought licenses for cable systems in an effort to cross-subsidize their broadcasting. The CRTC opposed this on grounds that were never made clear.

Alarmed by the massive increase in non-Canadian broadcasting now imported into Canada by cable, and concerned to assist the smaller independent program producers, the CRTC licensed a third Canadian network (Global) which promised much but which went bankrupt within a year. The new

network exacerbated the situation for Canadian stations by still further fragmenting the audience. Furthermore, the additional competition of the new network raised program costs for every Canadian broadcaster. That resulted in reduced spending in the smaller markets in Canada. Ironically, Global's failure also set back independent program production in Canada and eliminated a number of smaller producers.

The present owners still struggle on with programs that are an embarrassing reminder to the CRTC of its lack of foresight and understanding. The CRTC was probably relieved when a similar network, approved for French Canada, was still-born. When the licensee tried to transfer his license to another francophone broadcaster, permission was refused. Now Canadian broadcasters contemplate the possibility of Pay-TV licensed as another channel to compete with the audiences who obviously approve of more and more choice as they flood to subscribe to the cable systems in their area.

3. The Cable Operator

The cable operator at first insisted that his role was simply to provide a more sophisticated antenna for attachment to subscriber's sets. It could pick up more

than a set could. The subscriber simply paid him to do it. He was not a broadcaster and loudly protested his right to remain outside of broadcasting and its responsibilities. Slowly and reluctantly he accepted the idea of being licensed and, somewhat cynically, even accepted the responsibility of originating local programs as part of the price. He is one of the few entrepreneurs who does not first have to own what he sells. Although he sells the programs broadcasters produce, he and his associates have traditionally refused to admit any financial responsibility to or for Canadian conventional broadcasting. He is anxious to increase the programs he sells his subscribers by adding Pay-TV to his other channels, and for this right he is willing to pay for the films he would present on Pay-TV and even to see some of his financial returns funnelled back to conventional broadcasting in some fashion decreed by the CRTC. Even though he has vastly increased the available television fare in Canada, he insists his is not a creative role - he is only a conduit pipe - a delivery man under contract to his clients, who number about 42% of the television homes in Canada.

4. The Regulator

For the CRTC, responsibility has recently broadened to add telecommunications to radio and television broadcasting. This seems a sensible move in that technology

is bringing all three areas closer together and often into conflict.

Canadian radio has developed into a fully-subsidized publicly-owned CBC network, both AM and FM, which carries no advertising, paralleling a private industry competing with each other for income, and with each other and the CBC for audience and income.

Television, however, is somewhat more clouded. There is the CBC, English and French, 80% publicly financed, dependent for national distribution on privately-owned television systems and cable operators as well as upon CBC owned transmitters in some larger cities. There is the CTV network, English only, privately-owned and financed by advertising. While competitive in most of the country, it is lacking the money necessary to widen its service.

The Global Network operates in Southern Ontario. 'Third' stations in Winnipeg, Edmonton and Vancouver have recently been licensed, and in the Toronto-Hamilton area there are two independent stations. The Ontario Government operates UHF stations in Toronto, London and Ottawa and has plans to extend its TVO educational network to other parts of the province.

In Quebec, there is TeleMetropole in Montreal, introducing French programs that are popular but lacking the revenues to seriously compete with the CBC's Radio Canada. Its programs are carried on a number of 'second' stations. The Quebec Government originates an educational program service in French which is relayed by microwave to a number of cable systems. There are no 'third' stations as there are in English Canada.

The CRTC has had two main aims for Canadian broadcasting - to increase the coverage to as many Canadians as possible and to increase the Canadian content of what is broadcast. It was so preoccupied with these efforts that it failed to see the implications of the rapidly developing cable systems until late in the 60's, because cable did not appreciably increase either coverage or content. It was too late when it finally recognized that the importation of large numbers of non-Canadian stations into areas in Canada which up to then had not been able to receive them, threatened the abilities of privately financed Canadian stations to play the roles assigned to them. The public wanted the extra choices that cable provided and did not appear to be overly concerned with questions of Canadian content or Canadian broadcasting financing problems.

The CRTC tried belatedly to protect Canadian private

stations by limiting the number of distant signals cable companies could carry but it was swimming against the tide. In a forlorn attempt to gain something for the viewer and for creative individuals in the community, they required cable systems to originate a local service. However, few of the cable operators have any television broadcasting background or desire to be producers. They would prefer to buy and show old movies. In any case, it has been difficult to detect much audience for their efforts.

The CRTC refused to allow cross ownership of conventional television and cable, as some television operators proposed. Their idea was to use cable earnings to replace advertising profits lost by audience fragmentation caused by cable and to use cable cash flow to support borrowings. In retrospect, that CRTC decision was probably a fatal error. Now, seven years later, the original suggestion is being advanced by the Federal Minister of Communications to try to prevent the further erosion of Canadian television. But it is in all probability too late. Had the CRTC permitted cross-ownership in 1970-72, at the time of its repatriation of foreign-owned cable assets, broadcasters would have found it financially possible and by now cable and conventional television would have been inextricably

interwoven, quite logically and naturally. It would have saved the CRTC the embarrassment of subsequent problems. Now the assets involved are probably beyond the resources of Canadian broadcasters. And because cable and broadcasting are not so interwoven, Provincial Governments feel free to mount claims to regulate cable operations and the jurisdictional squabble remains unresolved.

In a further move to protect the 'Canadian content' of the broadcasting system, the CRTC in 1975 began to require the deletion and substitution of the commercials incoming U.S. stations carried on cable systems. This has enraged the U.S. border stations, who, naturally enough, are not anxious to lose the revenues their Canadian audience bring to them. The U. S. Secretary of State recently protested to the Canadian Minister for External Affairs, an old broadcaster himself, and the Canadian Minister is quoted as saying 'something would be done'. At the time of writing, the CRTC has 'temporarily suspended' the deletion of the commercials, embarrassing the Federal Government and the CRTC.

The problem facing the CRTC is that Canadians are subscribing to a television system of broad, but not national, choice. The Canadian content and character

of the service is being steadily reduced because they have licensed too many Canadian private television stations to be supported by the advertising revenues available. Those revenues are being further shrunk by the cable-imported U.S. competition.

The CBC can of course ask for even larger parliamentary appropriations but this takes it progressively in the direction of a wholly government-financed system of broadcasting with a wholly different set of problems - credibility, control and freedom of expression - the problems with which many national systems, such as France and Italy, are still grappling.

The clear and present danger is that the rapidly developing Canadian cable broad-choice system with its dependency on foreign stations plucked from the air will successively strangle the private sector of Canadian television and eventually "bury" the CBC.

PROBLEMS FOR CANADIAN TELEVISION PRODUCTION

The most pressing problem for Canadian television production is, of course, money.

Just as important, however, is the creative climate in the centres of production. The CBC has historically been the chief producer in Canada but has not on the whole, done as much proportionately as the television networks to provide a creative climate by building up the supporting industry of creative artists in which are included producers, directors and skilled production people outside its own in-house staff. It has instead functioned somewhat as a greenhouse, controlling its own climate but not affecting or being affected by the climate outside.

This was the tradition of CBC radio and it was early adopted by television. It led to a rapid increase in creative staff. Even though budgets always seemed tight, it became self-serving, less efficient and less competitive with those few creative individuals and companies on the 'outside'. More and more of the cost of making programs was derived from internal charges, higher than necessary, labelled as 'production costs'.

Worse, however, was that the outside supporting creative 'envelope' did not expand. This was true of film production for many years until film, finding its own

markets, established its own creative, local world. This has not happened for electronic production and until it is remedied, there can be no renaissance in Canadian television production. Budgets, not talent, are usually cited as the chief reason that Canadian television programs have not found as many markets outside of Canada by comparison with U.S., British or even Australian programs. But there is good reason to believe that the skills to produce are as lacking in Canada as the talent. "Jalna" produced at great cost by the CBC is a case in point.

In the United States, the three major networks have done more, even proportionately more, to nurture their necessary creative climate by employing extensively on a free-lance basis. U.S. networks produce only 2 or 3 programs (other than news) on their own. It is worthy of note that this situation came about because of directives from the U.S. Federal Communications Commission.

Providing more money for programming will not alone make Canadian television production competitive with U.S. programs. If even the present monies available were spent in a free-lance market instead of an internal one, the quality of people available would shortly increase and the numbers multiply. It would lead to greater economies

within the CBC⁽¹⁾ by the elimination of supporting, clerical, accounting and supervisory staff. Independent producers can do as well and for less money. It would make the CBC dependent on the creative world outside but it would put the CBC in a better position to make unbiased judgments on its programs. Creativity flourishes in freedom and competition, which is lacking at present in Canadian television.

Proportionate to the CBC the CTV, with much less revenue, has done a better job in attracting outside co-production because it had no other alternative. But the CTV alone cannot establish a creative climate. This can only happen when the normal way of making programs for television is by competition among producers and directors and writers, as is the case in most large production centres in the world.

There should also be less emphasis on regional production for national distribution until the large centres, Toronto, Montreal and perhaps Vancouver have achieved the climate and developed the body of fiercely competing creative people that can raise the standards of present Canadian television production. At this stage, it would be better to make fewer, better regional programs for national

(1) (Chart I)

release than the imitation national programs now produced in most of the regions. Ten feature films shot in regional locations would be better than a hundred of the present programs seen. U. S. television series frequently have their setting in various regions but the performers and the production staff usually are from the main centres. Chicago or Houston or New Orleans are not national production centres for U.S. television - why should Halifax or Winnipeg be different?

It is important to discuss climate and circumstances before money for the reason that simply increasing the money available for Canadian television will not cause more Canadians to watch programs made in Canada. The production climate has to change first. But it cannot change without considerably more money. At the least, two to three times the present sums available for television production is needed. If the quantity of Canadian programs is to increase as well as the quality, such a budgetary increase must be accompanied by efficiency. An increase in program budgets of 2 or 3 times, accompanied by a radical change in employment practices will produce a startling improvement of Canadian television.

THE COST OF THE PRESENT 'SYSTEM'

Radio and television in Canada, which once were organized along similar lines, have now diverged.

Radio broadcasting consisted of the publicly-owned CBC networks with revenues from advertising and parliamentary appropriations, in association with privately-owned stations whose revenues were derived from advertising only. Recently, CBC radio, whose advertising revenues had in any case been gradually dwindling, changed its policy and no longer carries advertising.

Advertising revenues for private radio stations will be about 213.6 millions⁽¹⁾ in 1976, compared with 305. millions⁽²⁾ received by all Canadian television. CBC parliamentary appropriations will provide about 100 millions⁽³⁾ for CBC radio. The pattern seems now set - a wholly government-financed system together with a wholly privately financed system. This system provides local and national services. There is relatively little non-Canadian listening. While there are still unresolved problems as to what should be the nature of the CBC program service by and large the system seems to work.

(1) Maclean Hunter Research Bureau

(2) Maclean Hunter Research Bureau

(3) CBC Annual Report & Canadian Press

Television broadcasting also consists of both public and privately financed segments - the CBC (English) and Radio-Canada (French), private television stations and cable operators. Revenues for 1976 are estimated as follows:

Parliamentary appropriations (CBC)	316 millions	(4)
Advertising	305 millions	(inc.CBC) (5)
Cable	<u>190</u> millions	
TOTAL:	<u>911</u> millions	

Of the total, perhaps 375 millions are available for programming in all Canadian television. Cable penetration is about 42% (2,500,000) of all television homes.

Assuming that no basic policy changes were made in the present system and that economic development in the country followed the average of past years, the projected revenues available would be something like this:

<u>1977</u>	(\$ millions)
Parliamentary appropriations	372.3 (average rate of acceleration for past 4 years - 17.8%).
Advertising (including CBC)	329.2 (Maclean-Hunter Research Bureau).
Cable	210.6 (average rate of past 3 years)
TOTAL:	<u>912.1</u>
Available for programming	420.9 (60% of parliamentary appropriations + advertising).
Penetration of cable	2,900,000 homes (44.5%) (CRTC average rate of past 3 years).

(4) CBC Annual Report and Canadian Press.

(5) Maclean-Hunter Research Bureau.

1978

Parliamentary appropriations 438.5

Advertising (including CBC) 355.2

Cable 265.4

TOTAL: 1,059.1

Available for programming 476.2

Penetration of cable 3,400,000 homes (51.5%)

1979

(\$ millions)

Parliamentary appropriations 515.6

Advertising (including CBC) 383.1

Cable 330.5

TOTAL: 1,229.2

Available for programming 539.2

Penetration of cable 4,000,000 homes (61%)

1980

Parliamentary appropriations 608.5

Advertising (including CBC) 412.5

Cable 407.1

TOTAL: 1,428.1

Available for programming 612.6

Penetration of cable 4,600,000 homes (68.66%)

1981 (\$ millions)

Parliamentary appropriations	716.6
Advertising (including CBC)	447.5
Cable	<u>491.7</u>
TOTAL:	<u>1,655.8</u>
Available for programming	698.4
Penetration of cable	5,200,000 homes (77%)

1982

Parliamentary appropriations	844.4	(Note: no growth of cable penetration shown after 1981 but subscription rate acceleration of 6% assumed).
Advertising (including CBC)	447.5	
Cable	<u>585.0</u>	
TOTAL:	<u>1,876.9</u>	
Available for programming	835.0	
Penetration of cable	5,200,000 homes (77%)	

1983

Parliamentary appropriations	994.7
Advertising (including CBC)	517.5
Cable	<u>620.2</u>
TOTAL:	<u>2,132.3</u>
Available for programming	907.3
Penetration of cable	5,200,000 homes (77%)

<u>1984</u>	(\$ millions)
Parliamentary appropriations	1,171.8
Advertising (including CBC)	552.5
Cable	<u>657.4</u>
TOTAL:	<u>2,381.7</u>
Available for programming	1,040.5
Penetration of cable	5,200,000 homes (77%)

<u>1985</u>	
Parliamentary appropriations	1,380.4
Advertising (including CBC)	587.5
Cable	<u>696.8</u>
TOTAL:	<u>2,664.7</u>
Available for programming	1,180.7
Penetration of cable	5,200,000 homes (77%)

<u>1986</u>	
Parliamentary appropriations	1,626.1
Advertising (including CBC)	622.5
Cable	<u>736.6</u>
TOTAL:	<u>2,987.2</u>
Available for programming	1,349.0
Penetration of cable	5,200,000 homes (77%)

<u>1987</u>	(\$ millions)
Parliamentary appropriations	1,915.5
Advertising (including CBC)	657.5
Cable	<u>780.8</u>
TOTAL:	<u>3,353.6</u>
Available for programming	1,543.6
Penetration of cable	5,200,000 homes (77%)

<u>1988</u>	
Parliamentary appropriations	2,256.5
Advertising (including CBC)	692.5
Cable	<u>827.7</u>
TOTAL:	<u>3,736.7</u>
Available for programming	1,769.4
Penetration of cable	5,200,000 homes (77%)

The problems of the present 'system' are easily defined but hard to solve.

1. English - The 'service' available to viewers is becoming marginally Canadian as 'choice' expands.
2. English Canadian programs do not attract as many Canadian viewers as to foreign programs.
3. The 'system' does not provide the climate nor the money needed for Canadian programs to improve.

4. While cable grows as a factor in the revenue structure of the Canadian 'system', none of its revenues are available to support and improve the programs it relays.
5. Advertising revenues, the mainstay of private television and at present about 20% of the CBC television budget, are likely to reduce further as fragmentation of audience increases. (In the figures above, no calculation has been made of such deterioration).
6. The 'system' can never be available to all Canadians because, as presently designed, there is no incentive to extend cable into rural areas.
7. Regulatory decisions have separated the natural partners, cable and conventional broadcasting, creating a hostile climate in the industry.
8. Lack of cohesion among the participating components of television broadcasting prevents the logical development of technology.
9. The cost of even an unsatisfactory television 'system' will constantly increase and drift more and more to a wholly government financed system.

In the next five years, parliamentary appropriations for television (CBC) will total about 2.6 billions if they accelerate at the average rate of past years. 1981, if cable installations proceed at present rates, will see

about 75% of Canada 'wired up' ⁽¹⁾ -about as far as the present system can expand commercially. This would leave about 2 million homes with second class or worse service. If the present 'system', providing service to only three quarters of Canadian television homes, were continued past 1981, parliamentary appropriations by 1988 would total almost 13 billions with the likelihood that an even smaller proportion of Canadians would be watching Canadian programs on a 'service' that was massively foreign and unresponsive to Canadian control.

The cost of the present system will go on increasing in the years ahead both for viewers and the government. But the irony of the system is that as costs go up, the quality of Canadian programs goes down especially in the private sector. Meanwhile increases in cable penetration offer more and more incentive to Canadian viewers to watch Canadian programs less and less. As this happens, advertising revenues will decline. This will lead to further reductions in Canadian viewing of Canadian programs as they decline in quality in response to lower supporting revenues. Inevitably, the CBC parliamentary appropriations will have to be increased. In the long run, viewers will pay more and more for less and less Canadian programming. The equation will not change under the present system nor will

(1) CRTC Annual Report 1975-76 (Chart G)

the conditions in the industry that would enable improvement in television production.

As noted above, there is little likelihood cable penetration will ever exceed 75% of Canadian television homes, a level likely to be reached at present rates by 1981. For the remaining one quarter television homes, there will be no broad choice nor increase in service unless it is wholly subsidized. Or, unless the system is redesigned. Parliamentary appropriations will have to be continued at no less than the present rate of acceleration and possibly at an increased rate, if, by 1981, 75% cable penetration has reduced the ability of private conventional television to sustain its present level of programming. When this occurs, not only will the advertising revenues decrease for the private sector, but for the CBC also.

And how is one to estimate the cost of the depressing effect of the present system on the Canadian creative arts as viewers become more and more dependent on American programs with their superior production values and heavy reliance on violence as a reliable theme?

It is unthinkable that such a prospect should be the future for Canada. One would like to think that public opinion

would force a change in the way that public broadcasting changed the future of Canadian radio broadcasting in 1933.

What is needed urgently is a contemporary broadcasting system and Broadcasting Act that will provide service that can be distinctively Canadian, that can be seen by all Canadians and one which the country can and will afford. We should be at work on such a system now.

HORIZONTAL VS. VERTICAL

Present day television can be described as "horizontally" structured. A station or a network schedules programs of different kinds one after the other from morning to night. Each station manager tries to present programs at times of the day convenient to the kind of audience that may be available. All stations in a given area compete for their share of the total audience at any given time.

The horizontal structure has developed because the total 'service' is provided by uncoordinated separate authorities whose concern is to obtain the largest share of the audience at any given time. In areas of cable availability, two stations may be carrying the same programs at the same hour, both relayed by the cable system. Such duplication can occur when a U.S. station being relayed by a cable system is carrying a U.S. program which is also being carried by a Canadian network or where 2 Canadian network affiliates are available in overlapping markets. Or the same programs may be carried by both U.S. and Canadian stations at slightly offset times, resulting in partial overlap.

Horizontal scheduling increases the possibility of not

only the same program appearing simultaneously on the cable dial but that similar kinds of programs are scheduled in competition for the average audience considered to be available. This is especially true of adult viewing hours.

The horizontal system is the normal pattern of program availability in all countries where competing systems of television broadcasting take place. Cable television has accentuated the competition of the service by introducing more and more horizontally scheduled programs.

The horizontal system, if it is not profit motivated, programs for the average audience composition that may be expected, and for the most lucrative audience if it is profit motivated. Under such a system, even with a wide 'choice' provided by a cable system converter, children's programs (for example) are not seen in a great quantity because the children's audience is not considered a lucrative one. A general audience, or one predominantly female, especially if urban and "upscale", is the prime target audience, for it contains more consumers, more "paying customers" for the goods and services advertised. This is why small minority audiences often find little of interest to them at times when they can watch, even on a

broad-choice cable service. They are not of interest as consumers. This is also why a wide variety of general or adult programming is available at times when children are most apt to be viewing. Such programs are not necessarily bad. They are simply not pertinent to, nor designed for, children.

It is ironic that cable also provides the possibility of improving program scheduling and availability, but there is no incentive to do so. In fact, because of the definition in the Broadcasting Act and the regulations of the CRTC, cable systems are required to be merely relay mechanisms of what they pick up off-air. This requirement has resulted in all of the disadvantages in our present system already described - bad technical quality, fragmentation of the Canadian audience, reduced Canadian viewing of Canadian programs, limitations of choice by overlapping or duplication, the failure to program at convenient hours to minority audiences and the general prevalence of adult programming at all times.

With the increasing penetration of cable television, it is technically possible to avoid many of these shortcomings, provided the programs have been designed for a genuinely 'broad-choice' system. They are not so

designed at present and cannot be as broadcasting takes place today. To do so requires a sweeping change in Canadian broadcasting and the development of vertical programming, based on channels specialized by program category.

A vertically-scheduled service as described below enables the viewer to choose his own program schedule according to his interest at whatever time of day he chooses to watch. It enables children's programming to be scheduled in greater variety and quantity than horizontally available, and in a way easier for parents to monitor. Programs of adult appeal can be more easily scheduled and at later hours.

All of the programs in whatever category are commissioned or purchased and are originated by the system itself. Canadian and foreign programs in similar categories are scheduled in juxtaposition to each other. There is no need for Canadian quota system - the emphasis is on quality and interest in whatever category. If desired, advertising could be excluded at particular times or from particular channels.

Vertically programmed television would be planned and scheduled by an independent coordinating authority. In

Canada there should be separate scheduling operations for English and French programs. To start, 12 channels could be vertically programmed. This number is chosen because all television sets will receive this number without a converter and it coincides with the number of satellite channels presently available for the national distribution such a system should require.

As the system enlarges and more channels become available, even more possibilities emerge. Repeats of programs at different hours as well as narrower categories of programming could be presented - sports, music, documentary, foreign language programs, etc. The system could contain all of the Canadian programs that could be made together with almost all available English and French foreign programming - a very rich system of broader and broader choice. All of the CBC radio services, in both languages, could be distributed to all parts of Canada in FM quality, a much more efficient distribution than that presently in use.

AN ALTERNATIVE SYSTEM

An ideal television broadcasting system for Canada would be one that had enough money and the creative industry to make enough programs of high quality which would stand comparison with those of other countries, especially the United States, so as to attract viewers as a matter of their choice. These programs together with a broad selection of the best and most popular foreign programs should be available to all Canadians in both national languages. They should be scheduled veritcally on at least 12 channels so that whatever their taste, viewers could see the kinds of programs they wished to see at their convenience of time rather than confront the constrained availability of parallel competition in horizontal broadcasting. The system should be one that will stimulate the growth of creative Canadian talent of all kinds and to make efficient use of technical facilities. It should be as independent of government or partisan influence as possible, subject to Federal regulation, but not direction. It should be capable of expansion both technically and culturally and should be in harmony with Canadian aspirations.

As demonstrated below, most of these goals are achievable and for about the same price the present system will cost.

It will, however, require a radical revision of present regulatory policy, the restructuring of the industry as it now stands and the creation of a new broadcasting organization.

Let us call the centrepiece of the new system Television Canada and outline its role as follows:

By 1983, Television Canada would provide cable connections to most Canadian homes and arrange substitute transmissions to those remaining. Both parts of the system would carry at least 12 separate channels of programs (over 200 hours each day). All of the channels, programmed by Television Canada, in both official languages, would be available in all parts of the country. The new construction program would service the 2 million "deprived" homes unlikely to be served by present cable systems. The present 'wired' areas would provide service to the balance of Canadian homes.

National distribution would be accomplished by feeding the 12 channels by existing Telesat satellite service simultaneously to all present cable distribution centres and by gridding the balance of the country to provide satellite reception points. The latter would, in some

cases, be connected by trunk cable to conventional drops and in others by package 'stacked translators' providing the 12 signals to be received by conventional TV sets within radii of about 50 miles. As these areas were 'wired up' the translators would be moved to more and more remote areas. The new system would have an unprecedented "reach" to virtually all Canadians.

Canadians who reside near enough to the U.S. border to obtain direct reception could still receive U.S. stations. For those connected to cable systems that at present relay more than 12 channels to subscribers with converters, the 12 basic channels on cable could be augmented temporarily by 'off air' signals as at present. Subscribers would find, however, that most of the popular 'off air' U.S. programs would be contained in the basic 12 channel service rescheduled according to category of program.

All Canadians as they were 'wired' by cable would pay the same rates as those already subscribing. The rates would be the same as average current cable charges (\$75.00 per year - 1976) increasing at the rate of 6% per year.⁽¹⁾

Along with the engineering required to plan and commission the 'wiring up' of the country, it will be necessary to

(1) (Chart A)

create the programming organization required to program 12 simultaneous, categorized program channels, expanding to more channels in later years. The new priority would be to plan and commission or purchase more than 200 hours of daily programs to feed 12 channels simultaneously. This will require an overall coordinating group to set the goals, develop technical and program policies and allocate funds among groups of planners responsible for each channel.

There will be competition among the planners for funds but not competition for audience numbers. The responsibility of each planner would be to procure or create the programs within his program category and schedule them. He will have access to viewers' reaction to his selection because the cable connections will enable a feedback of selected panels to give instantaneous and continuous reaction. (*) He has the world to supply him in addition to what he orders from Canadian producers. Since Canadian programs will be presented side by side with foreign programs of similar genres, Canadian producers will have much to aspire to. Canadian talent will benefit in the favourable scheduling by category.

(*) See A Commission Research Study on "Future Mass Media" by Gordon Thompson.

There will be no throw-away Canadian programs scheduled merely to meet the CRTC quota. Yet the goals set by Television Canada not yet introduced will emphasize the need for more and better Canadian production and will, as described below, provide more and more funds to enable it to take place. In the beginning there is likely to be a great deal of good non-Canadian programming but, as creative competition provides more and better Canadian programs, the number of non-Canadian programs need not decrease for by then additional channels will be available and more and more material can be added. Inevitably Canadian production, excellent then by any standard, will also increase.

The wealth of non-Canadian programs will increase the richness of the new Canadian systems but will not submerge the Canadian-created programs as in the present system. Conversely, the new system is likely to produce more and more Canadian programs of interest to other countries, producing important revenues for the new system, its private producers and performers.

Some idea of possible future resources in comparison with those now available will illustrate the possibilities. Current funds available for television programming come from Parliamentary appropriations to the CBC and from

advertising (ignoring the local programs of cable systems). In a previous section on "The Cost of the Present System" (page 31) it was estimated that about \$375. millions would be available for programs in all languages on all television, private and CBC in 1976. With increased advertising revenues and increased Parliamentary appropriations at average rates of increase the amount available for programming could rise to \$421. millions⁽¹⁾ in 1977 and to \$476. millions⁽¹⁾ for 1978. In contrast, for the year 1978, the new system could budget \$938. millions rising by 1988 to \$1.68 billions⁽²⁾.

In addition to having more money to purchase programs, the new system (being the only buyer) would face no competitive bidding for non-Canadian programming, enabling it to purchase programs at lower rates than at present. The average price for a one hour nationally distributed program in 1973 was approximately \$3,000.00 and in 1976, about \$7,000.00 per episode. For half-hours, costs have increased from \$1,800.00 to \$4,000.00 per episode. Since the system will purchase nearly all of the U.S. popular series, savings of this dimension are important.

The much smaller staff of Television Canada (detailed below) will soak up a much smaller proportion of total available funds. Television Canada for 1978 would budget

(1) Page 25

(2) (Chart D)

only \$43. millions⁽²⁾ for all staff, \$35. millions⁽²⁾ for satellite costs, \$118. millions⁽²⁾ for installation and maintenance of drops and writing. This would represent a total of \$196. millions for distribution costs and administration or 18.5% of total budget. The amount budgeted for the purchase of programs including all production costs, would be \$895. millions. In the private sector of the present system, 40% of revenue go to distribution and administrative costs, even higher in the C.B.C.

During the first years of operation, the system would show a deficit because of heavy capital expenses in 'wiring up' the country by new construction and by the purchase of all drops installed by the present cable operators prior to the commencement of the new system. However, by 1982 the system would be debt free even after paying interest for the deficit period from 1978 to 1982. By 1983, the country could be substantially 'wired up'. By 1984 Parliamentary appropriations could be reduced to about 300 million and further reduced to 100 million annually by 1987. The figures on Chart D show an accumulated surplus in excess of 1 billion by 1988; without taking into account interest earned on accumulated funds or revenues from the sale of programs to foreign countries.

(2) (Chart D)

At the present time Ontario, particularly the southern and eastern parts, receives the largest selection of Canadian programs. Ignoring the duplicated Canadian stations available on cable, in Toronto, 2 CBC, 1 CTV, Global, 2 independent and TVO stations broadcast about 123 hours a day and 4 U.S. stations about 90 hours. The 123 Canadian hours (18 in French) contain about 56 hours of U.S. programs seen also on the U.S. stations. The total of 213 hours daily is 33.3% Canadian (28.6% English, 4.7% French). Actually, the proportion of Canadian programs is less than this amount because programs transmitted after midnight, usually foreign, are not computed for CRTC quota requirements. For cable subscribers with a converter, an additional seven channels are available, including additional CBC and CTV stations which largely duplicate the basic coverage, additional U.S. stations, and some service channels, such as printed news and stock market reports, community notes and cable originated programs. Most converters provide a capacity up to 36 channels, some unused. A calculation of the available Canadian content using a converter would be even lower.

In Ottawa, viewers can receive off air 4 English and 2 French local stations. On cable, there are additional Canadian stations, largely duplicates of the local

coverage, plus four U.S. stations. On the main Quebec cable systems (such as in Hull) the closed circuit programs of Radio Quebec are relayed, 8 hours daily. Taking Ottawa as a bilingual area, there are 106 hours of Canadian programs (70 hours English and 36 hours French) daily and on cable 72 hours of U.S. programs for a total of 178 hours daily in addition to the normal cable services. Allowing for the foreign content in the Canadian programs the Canadian percentage on cable is 28% (18.5% English and 9.5% French).

A comparison of the hours of programs available to a cable subscriber in the most saturated markets in Canada with those available to any American viewer will show that the Canadian cable subscriber has more television to see but it is very difficult to use it efficiently because of its competitive scheduling. Even a 12 channel vertical schedule can contain more hours available for convenient viewing than most cable systems, and the channels will cater to a much larger variety of tastes. In addition it will be possible to provide programs of greater quality than are now available and to eliminate the "wastelands" of major parts of the broadcast day.

It is possible to deliver 216 hours daily on a 12 channel

system providing a viewing span from 7:00 A.M. to 1:00 A.M. on each channel. (Spans can be increased as required). Material from the regions can be transmitted from the regions to the central points of distribution during off hours (1:00 A.M. to 7:00 A.M.) for release in the normal national fees from 7:00 A.M. to 1:00 A.M.

Here is a sample division of a 12 channel vertically scheduled national service of 7 English channels and 5 French converting to a 6 English channel service and a 6 French channel service as additional satellite capacity is available. In French speaking areas, the English Regional channel 8 would be replaced by a French equivalent and the capacity of the first French entertainment channel increased to a full day. This would enable a 7 English - 5 French service in English Canada and a 6 English - 6 French service in French Canada receivable on a standard 12 channel set. The English News and Public Affairs channel is elongated to provide live news (not delayed) in all Time Zones. Note that because of heavy duplication in the present horizontal system 7 vertical channels are more than equal to 12 horizontal channels.

6 Channel (Fr.) - 6 Channel (Eng.) 7 Channel (Fr.) 5 Channel (Eng.)	Channel 2	Entertainment I	7:00am to 1:00am (English)
	Channel 3	Entertainment II	7:00am to 1:00am (English)
	Channel 4	Entertainment III	7:00am to 1:00am (English)
	Channel 5	News & Public Affairs	6:00am to 3:00am (English)
	Channel 6	Serious Entertainment	7:00am to 1:00am (English)
	Channel 7	Children	7:00am to 7:00pm (English)
		Cinema	7:00pm to 1:00am (English)
	Channel 8	Regional, Educational, Consumer Information	8:00am to 12:00am(English)
	Channel 9	Regional, Educational, Information	7:00am to 7:00pm (French)
		Etnertainment I	7:00pm to 1:00am (French)
	Channel 10	Entertainment II	7:00am to 1:00am (French)
	Channel 11	News & Public Affairs	7:00am to 1:00am (French)
	Channel 12	Serious Entertainment	7:00am to 1:00am (French)
	Channel 13	Children	7:00am to 7:00pm (French)
		Cinema	7:00pm to 1:00am (French)

Sports could be provided on any of the entertainment channels, or on specialized sports channels when additional channel capacity becomes available.

As discussed below additional satellite capacity would provide increased possibilities to vary program proportions, linguistically or otherwise. In addition to the factor of population size there is more English programming than French because more of the English content is foreign, and

and less foreign material is available in French. Disparity in English and French services is traditional in Canada but this system goes a substantial distance to improve it.

The Royal Commission on Bilingualism and Biculturism reported that French Canadians, in the ratio of four to one were bilingual compared with English Canadians. Programming in English, particularly U.S. programming, is becoming more popular among francophones. There is less viewing by English Canadians of Canadian programs made in French because fewer anglophones understand French and those who do are not always located in areas where French language programming is available. Widespread availability of a broad-choice television system in French Canada with a greater proportion of U.S. entertainment programming than available at present would likely reinforce bilingualism, among francophones, but anglophones will likely have to be politically, economically and culturally motivated to learn another language. The availability of French programs will help them to learn if they wish to do so, and to be in touch with the development of francophone culture in Canada.

At the present time only Quebec, Ontario and Alberta produce "educational" programs for television but other provinces

are moving in a similar direction. The Quebec programs are all in French, about 4 hours a day, repeated to provide 56 hours each week. It is distributed by Quebec cable companies but cannot reach all French Canadian viewers. The Ontario TVO programs, mostly in English, but with daily French language broadcasts are broadcast on 3 transmitters in the Toronto, London and Ottawa areas and partially carried on cable.

Some of the TVO programs are non-Canadian from the U.S. Public Broadcasting Authority and other sources. These would likely be included in the normal content of a vertically scheduled service. The inception of a broad-choice national television service would probably alter the type of "educational" television services now produced by Provinces. They would likely become more specifically regional and pedagogically oriented. Programs of this kind produced by the Provinces and available to all Provinces would be valuable in increasing national awareness and a stronger federalism.

For the first few years of a vertically programmed television service in Canada a limiting factor is the satellite delivery service which has a 12 channel capacity. Although it is able to deliver all 12 channels of programs

nationally, it will not be possible to provide separate feeds for each Time Zone. Present television programs are adjusted to the Canadian Time Zones by tape delay of a separate western feed from the Eastern Time Zone. As a compromise, utilizing an Eastern Time Zone fed satellite delivery, Maritime viewers would see the programs one hour later local clock time and Central Time Zone viewers, one hour earlier local time, while Mountain and Pacific Time Zones would be delayed by tape at the ground receiving or distribution point. (A variation of this approach is already in use in the United States).

New satellites now being planned by Telesat to be available around 1983 will provide additional capacity, be better designed for television relay and will operate at somewhat lower rates.

With additional satellite capacity it will be possible, for example, to transmit 16 channels by satellite and select on the ground at the point of reception those 12 channels that are to be relayed in any given area. This would provide a larger French or English proportion of service in any given area without the use of a converter. With the use of a converter, all 16 channels would be available. It may well be that as cable distribution

becomes the normal method of television distribution in Canada, the converter will become an integral part of the receiver. Such receivers are already manufactured in Canada. But for the present, in most parts of Canada, twelve well-utilized channels will provide such an improvement in quantity and quality of television and such a challenge to producers so as to be sufficient for some time.

As they become available, additional channels will of course provide for additional new material. They can also spread out the contents of the 12 channels and present more frequent replays on different patterns, enabling still more convenience to the viewer at only a small additional cost to the system. It would also simplify the problem posed by Canada's 5 Time Zones 2 more, (Atlantic and Newfoundland times) than in the United States. The satellite off-time could be used to deliver more and more regional material to Television Canada for retransmission in the national transmissions available to the entire country.

THE STRUCTURE OF THE NEW CANADIAN
BROADCASTING SYSTEM

The new system will consist of three components: one, publicly owned and financed, to be responsible for the content of the service, to be styled Television Canada; a second, privately operated, to provide the technical and production services needed to make programs and maintain a national cable service, to be called Television Canada; and third, and in many ways the most important, the large body of creative individuals - writers, artists, designers, actors, singers, producers, directors, journalists, production assistants, costume designers and agents that would make up the free-lance creative world on which Canadian television depends.

Television Canada would consist of a relatively small coordinating, planning and scheduling organization of less than 1,000 employees.

The staff would come from the present components of television broadcasting in Canada - the CBC, private television and the cable companies. Each of these would disappear into Television Canada, which would become the single national television broadcasting agency in the country. Its structure would not, however, resemble that

of present conventional television. This is described further below.

A new privately-operated company, Television Canada Facilities, would be formed to provide facilities for the production of programs, the installation and maintenance (but not ownership) of cable drops and connecting wiring and a sales agency for the sale of advertising time on the new service (as determined by Television Canada).

Production organizations will form quickly to provide programs for Television Canada. Under free and smaller competitive enterprises the quality of Canadian programs will improve, as it does in other large production countries. And because more money will be available and less spent on unnecessary overheads, the creative world will enlarge and prosper.

The immediate goals for Television Canada would be

- (1) to schedule and originate 12 channels of programming and distribute it to all parts of the country, and
- (2) to oversee the installation and maintenance of program drops in every Canadian home. The 12 channels will require a considerable increase in the quantity of Canadian-produced programs. This in turn will require the most efficient use of production facilities and personnel,

best accomplished by a private-enterprise operation concerned to satisfy its customers and make a profit.

Television Canada Facilities' customers will include Television Canada, television production houses, producers and directors who will require production facilities and television viewers whose sets will be connected to cable distribution outlets operated and maintained by Television Canada Facilities.

Revenues to operate Television Canada will come from subscription fees, from advertising and on an interim basis, from Parliamentary appropriations. A developing source of income will be from the sale of Canadian programs to other countries. Another source will arise from Television Canada's ownership of subscriber 'drops' into every television home. In the future these connections and the distribution network that connects them, are likely to carry non-broadcast material and services on either a fee or rental basis.

Parliamentary appropriations, at the rate presently paid to the CBC, will be required during the early years when heavy capital demands are required to wire every television home in Canada. But - and this is of prime importance - from the very beginning there will be almost three times

the present total amount available for programming.

After the initial wiring-up period (preceding 1982) Parliamentary appropriations can be materially reduced. During the build-up years about 2.6 billions are required but that is equivalent to the amount the CBC would ordinarily receive during the same period, if continued under the present system. After this period, some 300 millions annually would be required, diminishing as other sources of income develop. As the present rate of appropriations continues to be paid to the CBC Television, about 12.5 billions will have to be paid from 1977 to 1988 and about 10 billions from 1982 to 1988.⁽¹⁾

The appendices show the progress of the 'wiring-up' of Canadian viewers and the sources and disposition of the funds required. The overall cost to the government over the period 1977-1988 will be much less than had it continued to make appropriations to the CBC over the same period. Yet the revenues available for program production or purchase will be greater than would have been provided by a continuation of the present system, which has no possibility of ever becoming a contemporary broad-choice fully-controlled system available to all Canadians.

(1) See pages 31, 32, 33, 34, 35, 36.

Parliamentary appropriations will still be required to carry on CBC radio services at the 1977 rate of 100 millions annually, but this can likely be reduced by the cheaper, broader, national distribution of CBC radio services as a by-product of Television Canada's broad-choice distribution system. There could be considerable technical benefit for radio since all service would be of FM quality and in stereo, if desired.

It is proposed that Television Canada would own the drops and trunk wiring connecting individual subscribers. It would purchase existing drops and trunk wiring from present cable companies and would finance the installation of all new wiring required, to be carried out by Television Canada Facilities. Ownership of the subscriber drops by a national, publicly-owned organization would enable the Federal authority to arrive at whatever agreements or accommodations individual Provinces^{(1) (*)} and the Federal authorities may reach in the future. Telesat services, which to date have been largely financed by Federal funds, will be employed to effect direct distribution to regions. This will provide a revenue base to support the development of 'second generation' satellites.

(1) (*) The Federal Minister of Communications tabled an agreement with the Province of Manitoba in November 1976. The CRTC is seeking a legal opinion on its status which, at the moment, contravenes CRTC Policy.

The new system would also offer distinct advantages to any Province anxious to provide specialized broadcasting services to its region. A combined national distribution system such as Television Canada is the most efficient way of reaching all the inhabitants of any single region or combination of regions, because of the satellite distribution feature the new system would employ.

TELEVISION CANADA

Television Canada would consist of a coordinating and policy-making Council and a staff responsible for television broadcasting in English and French. There are a variety of approaches which might be taken to appointing the governing council, but there are basic considerations which the appointments procedure should reflect. These include: competence of Council members, and the requirement that the Council as a whole be managerially effective; regional, provincial, cultural and linguistic representation; the special relationship of Television Canada to Television Canada Facilities and the creative communities; and the role and responsibilities of Parliament. The Council would report to Parliament through the Minister of Communications. The Council will be responsible for policy, setting of goals, research, financing of a broad-choice program service in two languages and engineering its distribution. Its efforts and those of the staff will be along planning, determining, measuring and contracting lines rather than manufacturing or execution of the work entailed. Its staff should be the best available, chosen with priority on experience and attainment in their fields.

There would be a Planning and Scheduling division responsible for the choice of programs and their purchase

from Canadian or non-Canadian sources. Similar operations would be carried on in English and French and each language group would be subdivided into categories of programming to correspond with each channel to be scheduled. There would be regional as well as national staff employed in most categories.

The Finance and Accounting division would be responsible for the collection and disbursement of all revenues. There would be an Engineering Group planning all technical requirements and liaising with the outside agencies who would carry them out. There would be a Legal and Contracting division to handle the purchasing and sale of programs and services. There would be a Traffic and Clearance division to handle the preparation and execution of program transmission, and the necessary liaison, program sales, research and public relations staff associated with the operation.

There would be a total of approximately 950 staff as shown below. There would be no other permanent staff. The creative and support staffs presently employed by the CBC and private television would be free-lance, employed by the producers and producing companies contracting with Television Canada for the production of Canadian programs. Television Canada itself would own no studios or production

equipment: these would be absorbed initially by Television Canada Facilities, as described below.

The revenue of Television Canada would come from subscription fees and advertising, with Parliamentary appropriations during the first 5 or 6 years thereafter being phased out. The subscription fees would be at the average level currently being paid by cable subscribers (1976 - \$75.00 per annum), with provision for growth at a rate of 6% per year. Parliamentary appropriations would be at the average rate of CBC appropriations' acceleration for the past several years until 1982. After this date, as shown on the chart D, there would be a decreasing requirement. This might well be eliminated by the development of other sources of revenue such as the sale of Canadian programs and increased advertising revenues.

Advertising even at the current rates projected, would play a smaller proportionate role in the financing of Television Canada than it does today, because of the relatively larger role of subscription income. But a broad-choice system of television offers advantages to advertisers in providing additional channels and larger, more selective audiences.

It is likely that an entirely Canadian-originated service such as Television Canada would finally repatriate much of the advertising dollars now spent on U.S. border stations whose signals would no longer be carried in the Canadian service. Canadian viewers, living on the border could continue to receive U.S. border stations but would have little incentive to do so since virtually all of the U.S. network programs would be a part of the Canadian service.

TELEVISION CANADA COUNCIL (Coordinating and Policy)

Chairman (staff)	1
Vice-Chairman (staff)	1
Heads of Program Planning & Scheduling (staff)	2
Head of Facilities company	1
Department of Communications Representatives	2
Financial Consultant (staff)	1
Engineering Consultant (staff)	1
Public Representative	6
	<hr/>
Total	15

TELEVISION CANADA STAFF

Chairman and staff	10
Vice-Chairman and staff	10
Financial Consultant and staff	15
Engineering Consultant and staff	15
National & International Liaison	10
Research & Public Relations	50
Planning & Scheduling Division:	
English	100
French	100
Regional English	150
Regional French	50
Traffic & Clearances	50
Program Purchasing & Sales	25
Legal Contracting & Accounting	140
Administration & Clerical	200
	<hr/>
Total	925

- 71 -

Costs:	Salaries	22,000,000.	
	Expenses	<u>18,000,000.</u>	
	Total	40,000,000.	(1976) (\$)

TELEVISION CANADA FACILITIES

Television Canada Facilities would be formed from the present physical assets of the CBC, private television and the existing cable companies, other than cable drops which would be owned by Television Canada. Since the new company would have an ongoing purpose, the existing organizations would have an interest in the integration arrangement to be worked out. One way of developing an equitable base for merger would be to use gross fixed assets as reported to the CRTC. For the year 1975-76 (latest available), these show private television at a value of 182 million and cable at a value of 358 millions⁽¹⁾. The CBC figures are not readily comparable but the number of CBC television stations owned and operated is 28 compared with 74 private stations and a rough valuation might be 150 millions. This would put the total gross assets of the new company at approximately 690 million dollars and provide a basis for dividing the shareholdings.

It is possible that this might be an occasion for some present members of the broadcasting industry to withdraw, if they so wished. The revenue from purchase by Television Canada of the existing cable drops and trunk wiring from

(1) Chart H - CRTC Annual Report 1975-76.

the newly formed company would provide the cash flow (396.6 millions) to enable the remaining shareholders to effect such purchases and so consolidate the shareholdings of the company. Assuming, however, that no such withdrawals occurred, the CBC share of the holdings would amount to about 22% which would constitute the shareholdings of the new company held in the name of the public. It might be that a maximum public participation of 30% could be agreed.

Television Canada Facilities would provide production and technical facilities, install and maintain cable drops and trunking and act as sales agent for advertising for Television Canada. It would have to maintain the necessary staff to carry out these functions in areas designated by Television Canada as well as maintain efficient modern production facilities and equipment as required. There would be continuous and close liaison with Television Canada to enable Television Canada Facilities to carry out these responsibilities on an adequate time schedule.

Television Canada Facilities would be free to sell its services to other customers. Similarly, nothing need prevent any shareholder, former broadcaster or cable operator, from forming his own production house and taking

part in a quite separate creative role in television. Undoubtedly, some broadcasters will do so for they are among the most experienced producers in the country. However, in these roles they will be in equal competition with other producers.

What would induce the present members of the Canadian broadcasting fraternity willingly to join such a company?

For the broadcaster it might be the knowledge that without an effective fiscal basis of joining forces with the cable operator, his broadcasting undertaking would, in the years ahead, be menaced by the widespread penetration of cable without any effective way of combatting the fragmentation of his audience that must surely lessen his earnings.

For the CBC, the acceptance of their historical role in the service of the people of Canada and the desire to take part in a truly national, contemporary television broadcasting system that it would be impossible to develop without the restructuring of the present system and the role of the CBC within it.

For the cable operator, the realization that it will be finally impossible for him to take part in a broadcasting

service that by its very nature slowly strangles the elements within it that made it Canadian.

It would not be enough to require the present pioneers of Canadian television to alter their relationships and responsibilities without recompense. For this reason, a study of Chart E showing a projection of Television Canada Facilities' earnings for the years 1977-88 will show that the shareholders of the new company are likely to fare as well or better in their new roles as in their old.

The CRTC Annual Report for 1975-76 provides a summary of the private broadcasting industry for 1975 compared with 1974. Earnings before taxes for TV were 39 million in 1975 (23 million in 1974) and those of cable were 30 million in 1975⁽¹⁾ (27 million in 1974). Thus total earnings, before income taxes, of private television and cable in 1975 were 69. million (50 million in 1974).

The projected earnings before taxes for 1978 of Television Canada Facilities are 80.6 million, rising to 151.2 million in 1988. The reasons for the improvement in potential earnings are that Television Canada makes possible the

(1) Chart H CRTC Annual Report 1975-76.

full wiring of the country, impossible under present cable operations. It thus provides a higher revenue base and greatly improved program budgets. It results in more Canadian programming of higher quality.

Under efficient management and usage, the present television production plant can produce much more than it does now and it will be Television Canada Facilities' responsibility to provide continuing efficiency for the profit of its owners, the present broadcasting establishment. It may also transpire that competing production facilities will develop as a result of increased production requirements. The resulting competition would be in keeping with the development of a larger free-lance creative community in Canada.

DEVELOPMENT OF TELEVISION CANADA

With the 'wired' nation, additional sources of revenue should be available to Television Canada for in the future, the drops could carry other non-broadcasting material and services. The carriage of non-broadcasting material and services looms more and more attractive to Provinces and common carriers, and might be shared with Provincial telecommunications companies. But from the completion of the main wiring in 1983, for the first time Canada could truly be said to have a national system.

Additional program channels could be established at the 1978 cost of about 80 million each. Additional channels at somewhat cheaper rates will be available from Telesat after 1983 from 'second generation' satellites being planned now. The Federal Government should welcome this national employment of Telesat facilities because unless it is utilized for the national television distribution system, Telesat is unlikely to achieve a defensible rate of return on the public funds expended.

The new system could establish an independent news operation along the lines of Independent Television News in Great Britain, maintaining and adding to international news operations in both languages, as well as more effective Canadian services throughout the country. The national

availability of a service in both languages throughout the nation will give reality to the country's bicultural development and the presence of both English and French speaking journalists in all parts of the country should provide a far better basis of national understanding than at present.

Most important of all, on the basis of revenues available and the encouragement of free, independent, cultural expansion in the main production areas of the country, for the first time Canada might begin to produce on an international level of excellence as a normal course, instead of in the occasional, convulsive, self-consciously Canadian way at present.

An excellent argument that premium channels (Pay-TV) should be part of the national system rather than individual private enterprises would rest on the ownership of the local drops by Television Canada, which would make a national distribution apparatus possible. Because of the much larger base, rates could be lower. Since Pay-TV's mainstay will be current cinema films there is a natural circulation of such films from cinema first run to the premium channel to normal TV release. Picture quality would probably be better since most of the Pay-TV schemes

suggest origination from sub-standard tapes. A national system could employ 35 mm projection or quad tape. Profits could be used to purchase premium attractions, such as sports, for inclusion in normal transmissions to all subscribers.

The development of Television Canada would simplify broadcasting regulation for the Federal Government. It would eliminate television licensing procedures and the organization required to regulate a complicated, widely dispersed, uncoordinated television broadcasting industry. It would greatly simplify logging, commercial content examination, regulation and statistics. It would remove a great deal of the pressure associated with numerous and complex hearings and allow the regulators to be more concerned with content, viewer reaction and program balance - more positive roles than the emphasis on procedure required by current regulation.

It may well be that if the policy-making function for broadcasting is removed from the regulatory agency (CRTC), as the Minister of Communications has proposed, a more direct link with Parliament through the Department of Communications would result. There are always some dangers in too close proximity of mass media such as television and

politicians but even that might be preferable to the monumental disinterest of Parliament in broadcasting that has characterized the past decade. It is this lack of interest that has facilitated interpretations of the Broadcasting Act by the CRTC, the CBC, private broadcasters and cable operators which have produced the present system with its attendant problems. These have often been caused by the failure of parts of the broadcasting system to anticipate them.

For the future, a greater emphasis on planning resources, setting goals and marrying regional, cultural and national aspirations to technology and economies would be a most useful, appropriate and a complementary role to the parallel development of the healthy, enlarging, competitive, creative world on which Canadian television will rest.

POLITICAL ACTION

Cultural institutions develop against political backgrounds. The Broadcasting Act 1967-68^{(1) (*)} as amended describes a broadcasting policy for Canada, sets up the Canadian Radio-Television Commission to regulate and license the broadcasting system and the Canadian Broadcasting Corporation to carry out the broadcasting service described in the broadcasting policy. Although it makes no specific reference to the cablecasters' role, because their reception activities require licensing the Canadian Radio-Television Commission licenses and regulates them. They have, under the Act, become a part of the system.

It is the contention of this study that the system no longer is guided by the policy from which the service described in the Act is derived.

The Act should be amended to reflect what is desired in the way of broadcasting services, their distribution and regulation in Canada.

It is clear that an increasing number of Canadians can now receive one kind of broadcasting service and a large number receive another kind. The Act makes no mention of such a dichotomy. Although the Broadcasting Act describes the

(1) (*) Chart F (excerpt from Broadcasting Act).

Federal jurisdiction as pre-eminent in broadcasting, the system which has evolved seems to open the door to provincial involvement. This should be rationalized to bring things more in line with technological developments.

It is also apparent that large numbers of Canadians desire, and are willing to support, changes in the services that the system provides. By 1978, at present rates, a majority of Canadians will be utilizing and supporting a broadcasting service and system that are far removed from the ones described in the Act. Moreover, the service is often supplied by a licensee whose role is not even mentioned in the Act. To complicate matters further, the licensee as a part of the service he supplies performs actions that appear to lie outside the Act and may be under Provincial jurisdiction.

In November 1976, the Minister of Communications, the Hon. Jeanne Sauve, tabled in the House of Commons an agreement⁽¹⁾ made with the Province of Manitoba which may be the forerunner of similar agreements with other Provinces. It allocates to the Province responsibility for providing the telecommunications facilities required to carry on cable broadcasting in Manitoba, and to the Federal authorities responsibility for the contents of the 'broadcasting' carried over those facilities.

(1) Included with Charts at end of study.

Once the bill is approved by both parties, Manitoba will give priority to the construction and use of the necessary distribution facilities to 'wire up' the province, while the contents, including Pay-TV, will be supplied by licensees of the Federal authorities. Under this agreement it is no longer necessary to transmit the programs through the ether and to be received to be identified as 'broadcasts'.

If the Minister can come to similar agreements with the remaining Provinces, the way may be open to revise the Act and the Minister seems to believe there is some urgency now to do so. If there is to be a new and rationalized broadcasting system for Canada this would be the appropriate time to examine what kind of a system would best serve Canadian requirements.

All this is against the background of Canadian federalism. The election of a government for Quebec whose fundamental belief is that Quebec is better off outside of Canada makes it more urgent for those who disagree with such a development to fashion the national facilities for better understanding, tolerance and appreciation of the two main cultures that are characteristic of Canada. A different kind of broadcasting service, provided by a different agency no less Canadian, may be better able to supply a more contemporary and useful national service.

The evolution of Television Canada from the present Canadian broadcasting system may not take place in the pattern described here. If the Manitoba agreement between Provincial Common-carriers and the Federal government should become the pattern for future development, it would have a major bearing on the proposals made here. Less Federal capital would be required to 'wire up' the country and more of the incentives to do so would be Provincial, rather than Federal. But the provision of the 'broad-choice' system which would be the Federal responsibility would provide an opportunity to analyze the present system and to ascertain if its mere extension would be as good for the country as its replacement by some other, with real hopes for improvement, efficiency and responsiveness.

It is not enough to be concerned about the effects of television on Canadians, whether the focus is on violent programming or on lack of minority programming, distinctiveness, excellence or convenience. What a system does not determine and originate it cannot control. We can make few changes without changing the system if that system is to serve Canadian requirements effectively and do justice to the mosaic of cultural diversity that constitutes the Canadian reality.

TELEVISION CANADA

Estimated Revenue from Subscribers
for the Years 1978 - 1988

<u>Year</u>	Est'd. Annual Revenue per Subscriber (1) \$	<u>No. of Subscribers</u>		<u>Revenues</u>		<u>Total</u> (\$'000)
		<u>at end of</u> <u>Prev.</u> <u>Year</u> ('000)	<u>Added</u> <u>During</u> <u>Year</u> ('000)	<u>Subscribers</u> <u>at Start</u> <u>of Year</u> (\$'000)	<u>50% re</u> <u>Subscribers</u> <u>added</u> (\$'000)	
1976	75.00					
1977	79.50					
1978	84.27	2,900	500	244,400	21,100	265,500
1979	89.33	3,400	600	303,700	26,800	330,500
1980	94.69	4,000	600	378,800	28,400	407,200
1981	100.36	4,600	600	461,700	30,100	491,800
1982	106.38	5,200	600	553,200	31,900	585,100
1983	112.76	5,800	600	654,000	33,800	687,800
1984	119.52	6,400	600	764,900	35,900	800,800
1985	126.69	7,000	500	886,800	31,700	918,500
1986	134.29	7,500	150	1,007,200	10,100	1,017,300
1987	142.35	7,650	150	1,089,000	10,700	1,099,700
1988	150.89	7,800	150	1,176,900	11,300	1,188,200

(1) Increase of 6% per annum in revenue
per subscriber.

TELEVISION CANADA

Estimated Costs of Maintenance
for the Years 1977 - 1988

<u>Year</u>	<u>Cost per Subscriber (1)</u> \$	<u>No. of Subscribers at Start of Year</u> ('000)	<u>Total</u> (\$ '000)	<u>Profit @ 10%</u> (\$ '000)	<u>Total incl. Profit</u> (\$ '000)
1978	13.48	2,900	39,100	3,900	43,000
1979	14.29	3,400	48,600	4,900	53,500
1980	15.15	4,000	60,600	6,100	66,700
1981	16.06	4,600	73,900	7,400	81,300
1982	17.02	5,200	88,500	8,900	97,400
1983	18.05	5,800	104,700	10,500	115,200
1984	19.13	6,400	122,400	12,200	134,600
1985	20.28	7,000	142,000	14,200	156,200
1986	21.50	7,500	161,300	16,100	177,400
1987	22.79	7,650	174,300	17,400	191,700
1988	24.16	7,800	188,400	18,800	207,200

(1) Increase of 6% per annum.

TELEVISION CANADA

Estimated Capital Expenditures

<u>Year</u>	<u>Est'd. No. of Homes Connected (1)</u>		<u>Capital Expenditures (2)</u>		
	<u>During Year</u> ('000)	<u>To End of Year</u> ('000)	<u>Per Connection</u> (\$)	<u>Annual Total</u> (\$ '000)	<u>Cumulative</u> (\$ '000)
					321,600 (3)
			To end of 1977		396,600
1978	500	3,400	150	75,000	471,600
1979	600	4,000	200	120,000	591,600
1980	400		200	80,000	
	<u>200</u>		250	<u>50,000</u>	
	600	4,600		130,000	721,600
1981	600	5,200	250	150,000	871,600
1982	200		250	50,000	
	<u>400</u>		300	<u>120,000</u>	
	600	5,800		170,000	1,041,600
1983	600	6,400	300	180,000	1,221,600
1984	600	7,000	300	180,000	1,401,600
1985	500	7,500	300	150,000	1,551,600
1986	150	7,650	300	45,000	1,596,600
1987	150	7,800	300	45,000	1,641,600
1988	150	7,950	300	45,000	1,686,600

(1) Based on Annual increase of 20% up to 8,000,000 level and then increase of 150,000 annually.

(2) Includes trunk lines and subscriber drops.

(3) Costs to end of 1977 included as expenditure in 1978 in "Forecast of Cash Flow".

TELEVISION CANADA

Forecast of Cash Flow
for the Years 1978 - 1988

EXPENDITURES

<u>Year</u>	<u>National Distribution</u> (1) \$'000	<u>Local Distribution</u> <u>Cap. Expend.</u> <u>Maintenance</u> (2) \$'000	<u>Programming & Admins.</u> \$'000	<u>Total</u> \$'000
1977		396,600 (value of existing drops and wiring)		
1978	35,000	471,600	43,000	938,100
1979	35,000	120,000	53,500	994,400
1980	35,000	130,000	66,700	1,054,100
1981	35,000	150,000	81,300	1,117,300
1982	40,000	170,000	97,400	1,184,300
1983	40,000	180,000	115,200	1,255,400
1984	40,000	180,000	134,600	1,331,000
1985	40,000	150,000	156,200	1,410,900
1986	45,000	45,000	177,400	1,495,600
1987	45,000	45,000	191,700	1,585,400
1988	45,000	45,000	207,200	1,680,500
	470,000	1,686,600	1,357,800	14,932,000
				18,446,400

(1) Service provided by Telesat Canada

(2) Includes trunk lines and subscriber drops;
1978 figure includes costs to end of 1977.

(3) Interest @ 10% per annum on average deficit.

RECEIPTS

<u>Subscriptions</u>	<u>Advertising</u>	<u>Parliamentary Appropriations</u>	<u>Total</u>	<u>Annual</u>	<u>Surplus (Deficit) Interest</u>	<u>Cumulative</u>
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
265,500	355,200	438,500	1,059,200	(428,500)	21,000	(449,500)
330,500	383,100	515,600	1,229,200	26,300	20,000	(443,200)
407,200	412,500	608,500	1,428,200	142,400	15,000	(315,800)
491,800	447,500	716,600	1,655,900	272,300	2,000	(43,500)
585,100	482,500	844,400	1,912,000	420,300		376,800
687,800	517,500	994,700	2,200,000	609,400		986,200
800,800	552,500	330,000	1,683,300	(2,300)		983,900
918,500	587,500	300,000	1,806,000	43,000		1,026,900
1,017,300	622,500	200,000	1,839,800	76,800		1,103,700
1,099,700	657,500	100,000	1,857,200	(9,900		1,093,800
1,188,200	692,500	100,000	1,980,700	3,000		1,096,800
8,003,100	6,040,000	5,148,300	18,651,500	1,152,800	57,000	

(Chart D)

TELEVISION CANADA FACILITIES COMPANY

Net Operating Earnings

Year	<u>Local Distribution</u>		<u>Advertising Rental of</u>		<u>Total</u>
	<u>(1)</u>		<u>Sales Program</u>		
	<u>Installation</u>	<u>Maintenance</u>	<u>Representation</u>	<u>Facilities</u>	
	<u>(\$'000)</u>	<u>(\$'000)</u>	<u>(\$'000)</u>	<u>(\$'000)</u>	
1978	7,500	3,900	24,900	44,300	80,600
1979	12,000	4,900	26,800	47,000	90,700
1980	13,000	6,100	28,900	49,800	97,800
1981	15,000	7,400	31,300	52,800	106,500
1982	17,000	8,900	33,800	56,000	115,700
1983	18,000	10,500	36,200	59,300	124,000
1984	18,000	12,200	38,700	62,900	131,800
1985	15,000	14,200	41,100	66,700	137,000
1986	4,500	16,100	43,600	70,700	134,900
1987	4,500	17,400	46,000	74,900	142,800
1988	4,500	18,800	48,500	79,400	151,200

(1) 10% of cost to Television Canada.

(2) 7% of advertising revenue of Television Canada.

(3) Per attached schedule.

TELEVISION CANADA FACILITIES COMPANY

Calculation of Net Earnings on Rental of Program Facilities

<u>Year</u>	<u>Cost to TV Canada of Programming & Origination (1)</u> (\$'000)	<u>Payment for Rental of Facilities (2)</u> (\$'000)	<u>Net Earnings on Rental of Facilities (3)</u> (\$'000)
1978	895,700	295,600	44,300
1979	949,400	313,300	47,000
1980	1,006,400	332,100	49,800
1981	1,066,800	352,000	52,800
1982	1,130,800	373,200	56,000
1983	1,198,600	395,500	59,300
1984	1,270,500	419,300	62,900
1985	1,346,700	444,400	66,700
1986	1,427,500	471,100	70,700
1987	1,513,200	499,400	74,900
1988	1,604,000	529,300	79,400

(1) Increasing @ 6% per annum.

(2) 33% of cost of programming and origination.

(3) 15% of rental of program facilities based on following analysis of such operations:

Revenue	<u><u>100</u></u>
Program costs	
Direct	50
Indirect	<u>13</u>
	63
Administrative Expense	<u>22</u>
	<u>85</u>
Net Operating Earnings	<u><u>15</u></u>

(Chart E)

Chart F

Excerpt from THE BROADCASTING ACT 1967-68

- Commission to carry on a broadcasting undertaking;
- "Minister" in Parts II and III means the Secretary of State of Canada;
- "network" includes any operation involving two or more broadcasting undertakings whereby control over all or any part of the programs or program schedules of any of the broadcasting undertakings involved in the operation is delegated to a network operator;
- "radiocommunication" means any transmission, emission or reception of signs, signals, writing, images, sounds or intelligence of any nature by means of electromagnetic waves of frequencies lower than 3,000 Gigacycles per second propagated in space without artificial guide;
- "temporary network operation" means a network operation with respect to a particular program or series of programs extending over a period not exceeding one month. 1967-68, c. 25, s. 3.

Broadcasting Policy for Canada

3. It is hereby declared that

- (a) broadcasting undertakings in Canada make use of radio frequencies that are public property and such undertakings constitute a single system, herein referred to as the Canadian broadcasting system, comprising public and private elements;
- (b) the Canadian broadcasting system should be effectively owned and controlled by Canadians so as to safeguard, enrich and strengthen the cultural, political, social and economic fabric of Canada;
- (c) all persons licensed to carry on broadcasting undertakings have a responsibility for programs they broadcast but the right to freedom of expression and the right of persons to receive programs, subject only to generally applicable statutes and regulations, is unquestioned;

(d) the programming provided by the Canadian broadcasting system should be varied and comprehensive and should provide reasonable, balanced opportunity for the expression of differing views on matters of public concern, and the programming provided by each broadcaster should be of high standard, using predominantly Canadian creative and other resources;

(e) all Canadians are entitled to broadcasting service in English and French as public funds become available;

(f) there should be provided, through a corporation established by Parliament for the purpose, a national broadcasting service that is predominantly Canadian in content and character;

(g) the national broadcasting service should

(i) be a balanced service of information, enlightenment and entertainment for people of different ages, interests and tastes covering the whole range of programming in fair proportion,

(ii) be extended to all parts of Canada, as public funds become available,

(iii) be in English and French, serving the special needs of geographic regions, and actively contributing to the flow and exchange of cultural and regional information and entertainment, and

(iv) contribute to the development of national unity and provide for a continuous expression of Canadian identity;

(h) where any conflict arises between the objectives of the national broadcasting service and the interests of the private element of the Canadian broadcasting system, it shall be resolved in the public interest but paramount consideration shall be given to the objectives of the national broadcasting service;

(i) facilities should be provided within the Canadian broadcasting system for educational broadcasting; and

(j) the regulation and supervision of the Canadian broadcasting system should be flexible and readily adaptable to scientific and technical advances;

and that the objectives of the broadcasting policy for Canada enunciated in this section can best be achieved by providing for the regulation and supervision of the Canadian broadcasting system by a single independent public authority. 1967-68, c. 25, s. 2.

(Chart G)

CABLE TELEVISION IN CANADA: SELECTED STATISTICS BY SUBSCRIBERS AND BY PROVINCE
AS OF 31 AUGUST 1974

	Subscribers	Households						Systems ¹ licensed
		Wired		Licensed Area		Province ²		
		Number	Subscribers	Number	Wired	Number	Licensed area	
			Wired %		Licensed Area %		Province %	
Ontario	1,230,393	1,775,940	69	1,885,652	94	2,540,000	74	121
British Columbia ³	514,091	605,170	85	639,759	95	749,000	85	68
Quebec	466,963	1,057,487	44	1,166,955	91	1,764,000	66	141
Alberta	173,375	349,198	50	357,980	98	519,000	69	20
Manitoba	100,740	172,861	58	179,353	96	311,000	58	6
Nova Scotia	45,361	79,342	57	89,397	89	222,000	40	21
New Brunswick	18,611	30,755	61	31,925	96	169,000	19	14
Saskatchewan	10,253	13,080	78	15,325	85	273,000	6	4
Newfoundland	310	310	100	480	65	125,000	-	1
Prince Edward Island	-	-	-	-	-	30,000	-	2
Total	2,560,097	4,084,143	63	4,366,826	94	6,703,000*	65	398

Prepared by Broadcast Operations Directorate from CRTC annual returns (4 August 1975).

1. Systems licensed are as of 31 August 1975.

2. Source: Statistics Canada publication no. 64-202.

3. British Columbia includes Northwest Territories and Yukon Territory.

-: figures too small to be expressed.

*Note: Figures may not add to total shown, due to rounding.

(Chart H)

FINANCIAL SUMMARY OF PRIVATE BROADCASTING INDUSTRY
FOR 1975 (WITH COMPARATIVE FIGURES FOR 1974)

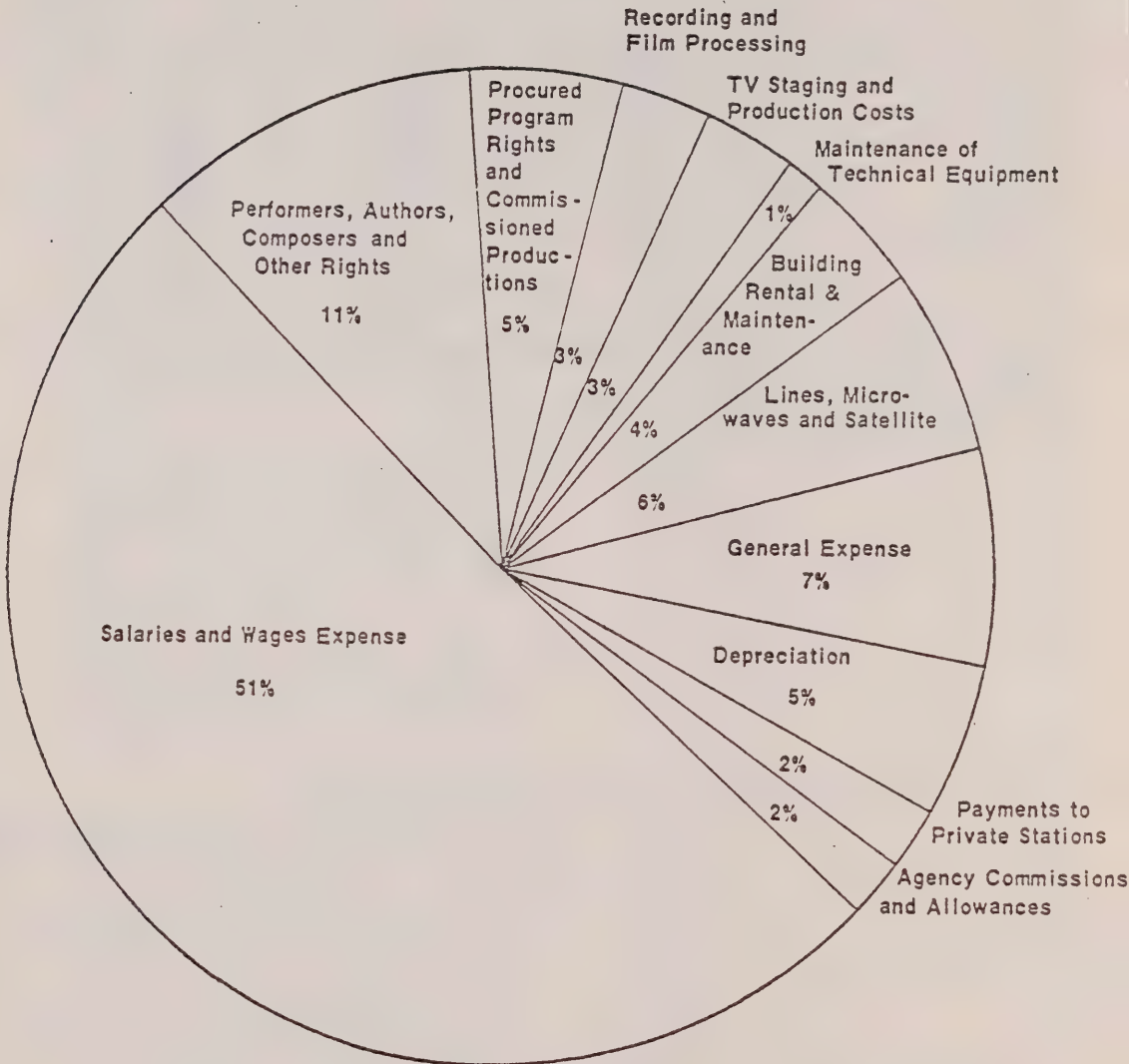
	(\$ Millions)								Percentage of Total Revenue							
	Television		Radio		Cable		Total		Television		Radio		Cable		Total	
	1975	1974	1975	1974	1975	1974	1975	1974	1975	1974	1975	1974	1975	1974	1975	1974
Total operating revenues	228	194	209	183	161	133	528	510	100	100	100	100	100	100	100	100
Expenses									%	%	%	%	%	%	%	%
Program	93	89	59	50	6	5	158	144	41	46	28	27	4	4	25	28
Technical	20	18	9	8	35	27	64	53	9	9	4	4	22	20	11	10
Sales	22	20	43	39	8	7	73	66	9	10	21	21	5	5	12	13
Administration	41	34	59	49	37	27	137	110	18	18	28	28	23	20	23	22
Depreciation	11	11	6	6	33	29	50	45	5	5	3	3	20	20	8	9
Interest	5	4	5	4	14	11	24	19	3	2	2	2	8	8	4	4
Other expenses (Income)	(3)	(5)	(2)	(2)	(2)	-	(7)	(7)	(2)	(2)	(1)	(1)	(1)	-	(1)	(1)
Total	189	171	179	154	131	106	499	431	83	88	85	84	81	80	83	85
Income before income taxes	39	23	30	29	30	27	99	73	17	12	15	15	19	22	17	15
Provision for income taxes	24	18	13	13	15	13	52	44	11	10	7	7	9	10	9	8
Net income	15	5	17	16	15	14	47	29	6	2	8	9	10	10	8	7
Gross fixed assets employed	182	157	105	99	353	320	645	576								
Total no. of employees	5,226	5,052	7,568	7,330	4,155	3,764	16,940	15,146								

*Prepared by Broadcasting Operations.

(Chart I)

Percentage Distribution of Total Operating Expense

Year ended March 31, 1976

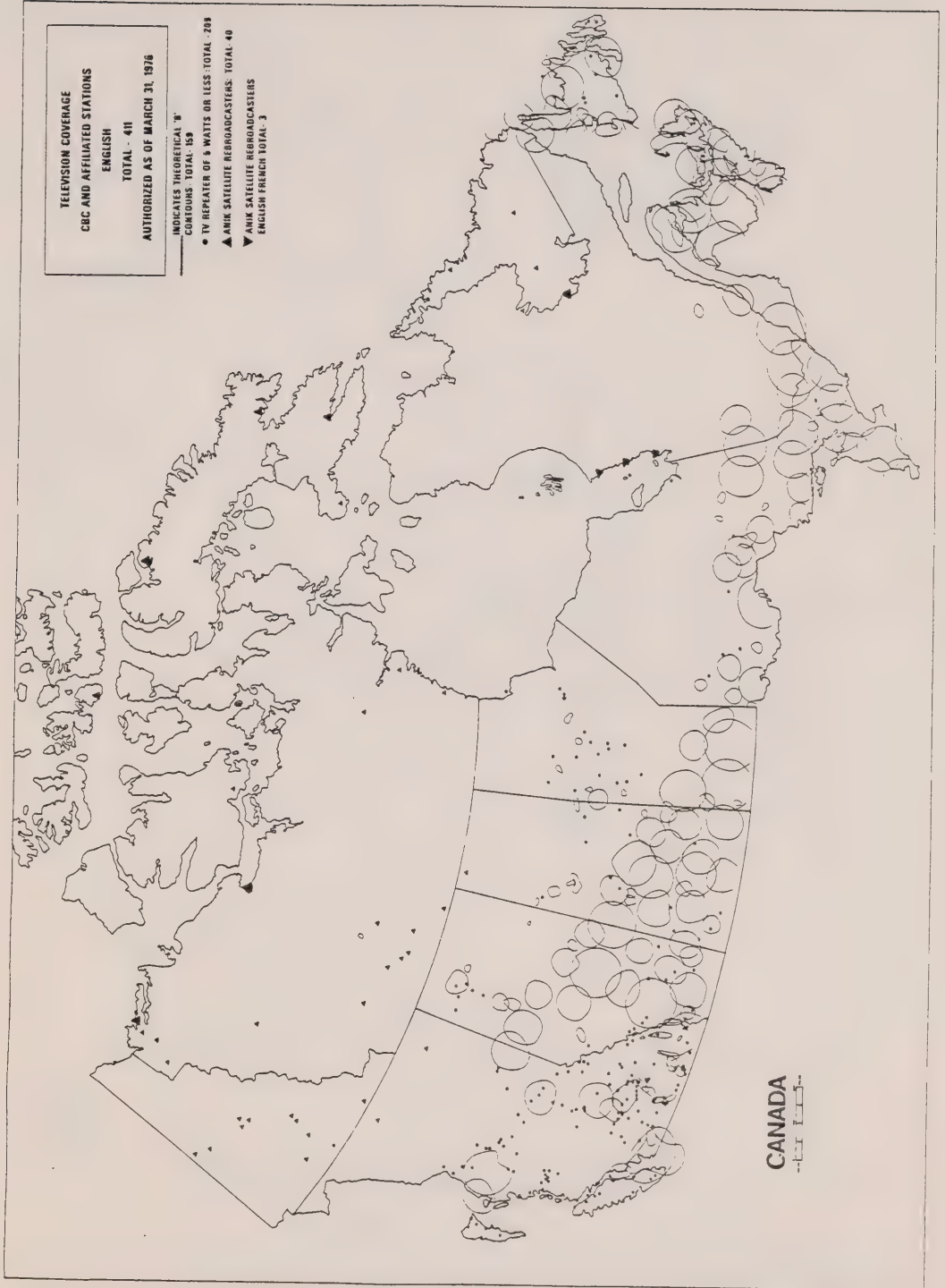


Note: Excludes 1976 Summer Olympics

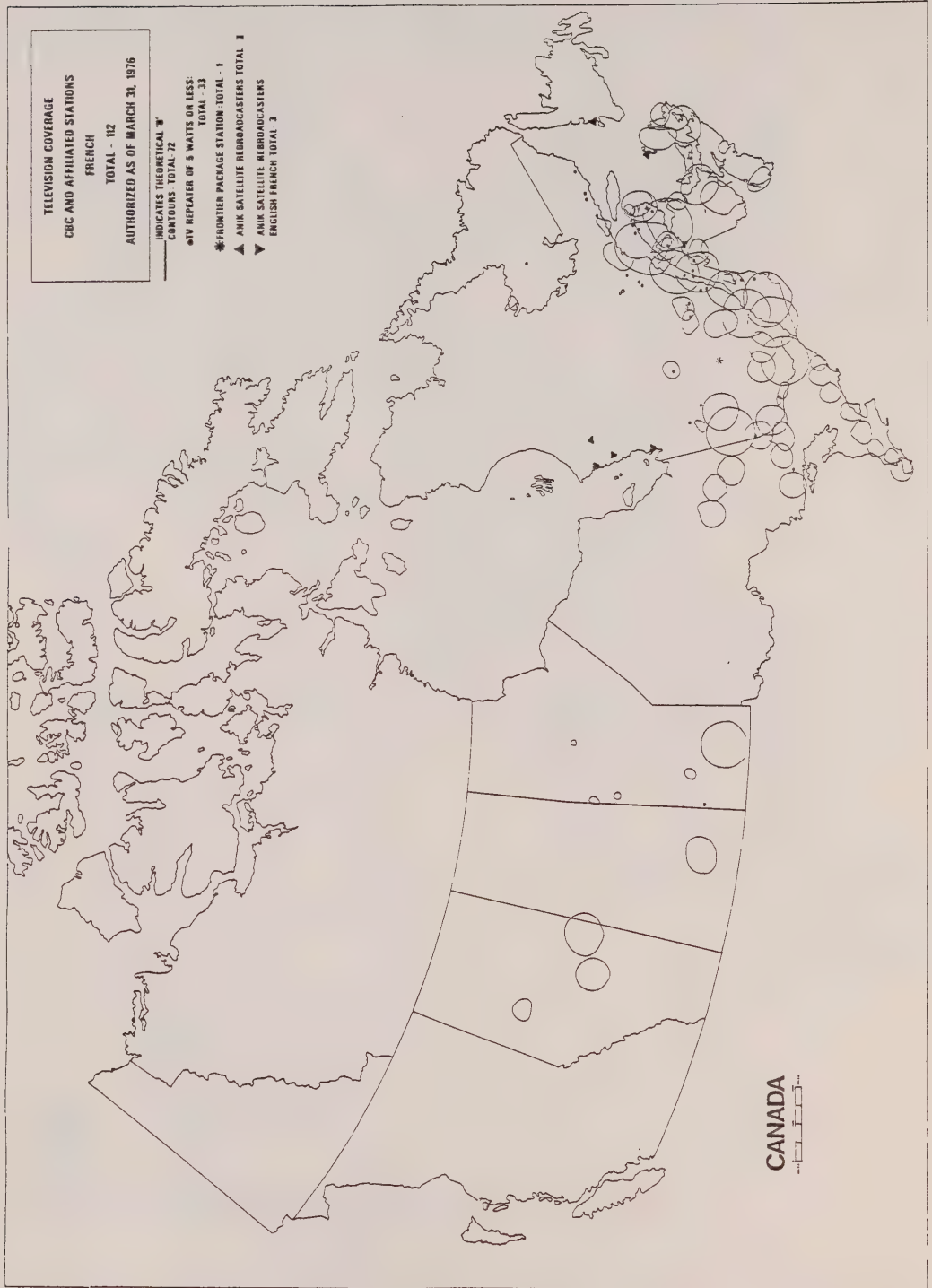
Canadian Broadcasting Corporation operating expenditures
for Television and Radio

CBC Annual Report 1975-76

(Chart J)

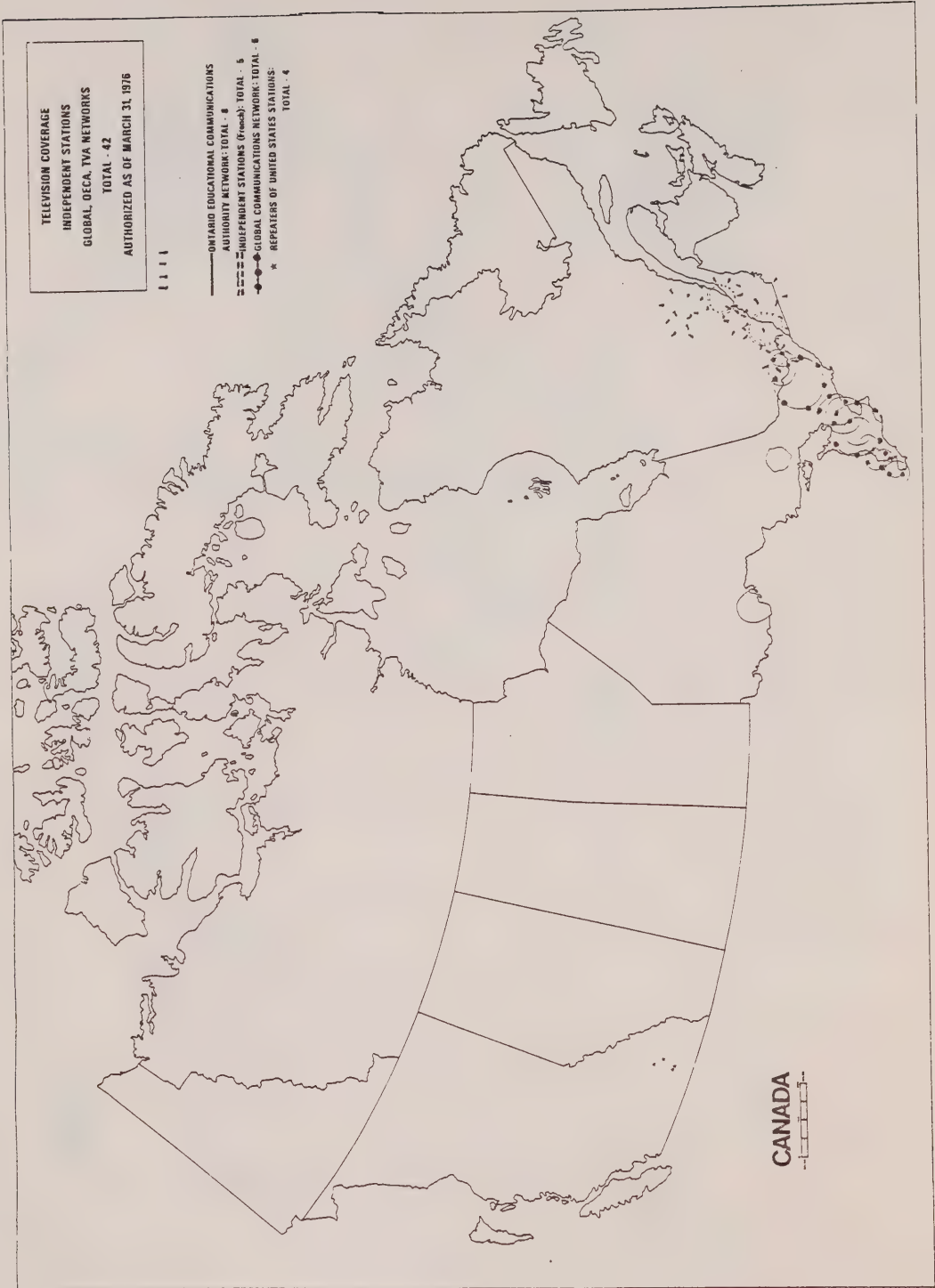


(Chart K)

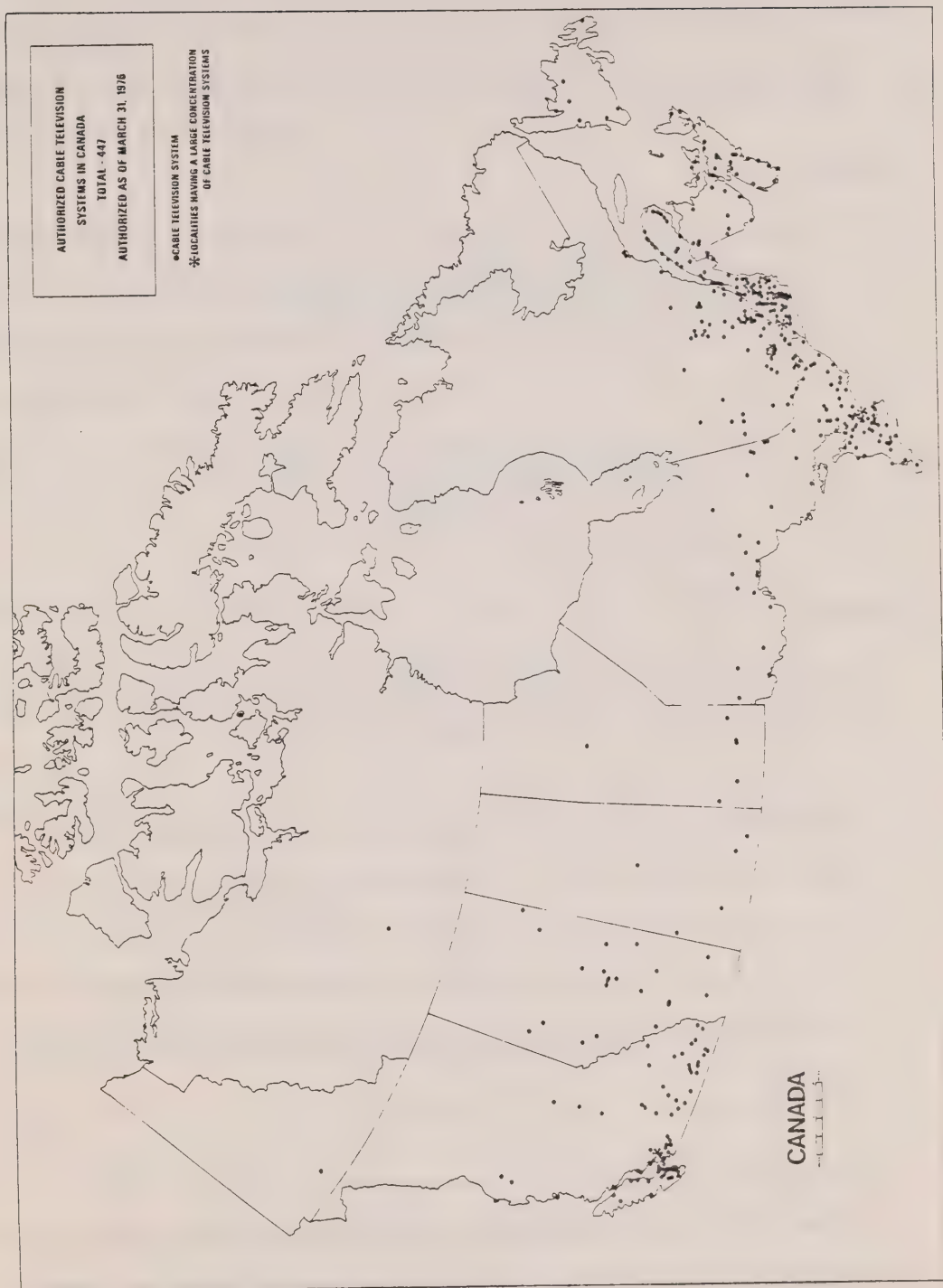




(Chart M)



(Chart N)



Copy of proposed agreement between Government of Canada and the Province of Manitoba (tabled in House, November 1976).

THIS AGREEMENT MADE IN DUPLICATE THIS DAY OF , 1976

BETWEEN:

HER MAJESTY THE QUEEN, in right of CANADA,
represented by the Minister of Communications
(hereinafter referred to as Canada)

AND:

HER MAJESTY THE QUEEN, in right of MANITOBA
represented by the Minister of Consumer,
Corporate and Internal Services
(hereinafter referred to as the Province)

PREAMBLE

WHEREAS Canada has responsibility for regulating and supervising
all aspects of the Canadian broadcasting system;

AND WHEREAS the Province has responsibility for regulating and
supervising common carrier services provided through its agency,
the Manitoba Telephone System, or other agencies of a similar
character subject to the regulatory and supervisory authority
of the Province (any such agency hereinafter referred to as the
Agency);

AND WHEREAS the Canadian broadcasting system comprises a single
system which includes broadcasting receiving undertakings that
make use of the facilities and apparatus owned or under the control
of the Agency;

AND WHEREAS facilities and apparatus owned or under the control of the Agency that are or may be used by the Agency to provide common carrier services may also be used by broadcasting receiving undertakings in Manitoba;

AND WHEREAS it is desirable that Canada and the Province commonly agree as to the rights and obligations of broadcasting receiving undertakings and the Agency respecting their joint use of facilities and apparatus owned or under the control of the Agency for the purposes of each providing their separate services to the public in Manitoba;

AND WHEREAS it is agreed that this Agreement is made without prejudice to the position of the parties as to their respective responsibilities at any time after the termination of this Agreement;

NOW THEREFORE Canada and the Province mutually agree and undertake that:

ARTICLE I - INTERPRETATION

FOR purposes of this agreement

"authorized" means licensed or otherwise authorized by Canada;

"Canada" includes any agency designated by Canada to exercise authority on its behalf;

"distribution" includes transmission and/or carriage;

"facilities and apparatus of the Agency" means facilities and/or apparatus owned or under the control of the Agency;

"programming service" or "programming" means audio and/or visual matter, or the provision thereof, where such matter is directed to the public by means of telecommunication facilities and where such matter is designed to inform, enlighten or entertain, or is similar in nature, character or substance to matter normally provided by television or radio broadcasting and may reasonably be expected to have an impact on the achievement of the objectives of the Canadian broadcasting system. For greater clarity and without limiting the generality of the foregoing, programming services include broadcast programming, pay television programming, local or community programming, but do not include point-to-point services, teleconferencing, or teleshopping services;

"signal modification" means quality improvement or waveform modification prior to distribution over or by means of the facilities and apparatus of the Agency, or any change in the information content, of the signal.

ARTICLE II - PROGRAMMING SERVICES

THE regulations and supervision of programming services, including programming services distributed in Manitoba over or by means of facilities or apparatus of the Agency, are exclusive responsibilities of Canada.

ARTICLE III - OTHER SERVICES

THE regulation and supervision of telecommunication services, other than programming services, distributed in Manitoba by means of facilities and apparatus of the Agency are exclusive responsibilities of the Province.

ARTICLE IV - RADIOCOMMUNICATION

NOTWITHSTANDING the provisions of Article III, the orderly development and operation of radiocommunication in Canada remains the responsibility of Canada.

ARTICLE V - CABLE-CARRIER HARDWARE ARRANGEMENTS

FOR the purpose of providing authorized programming services to the public, a broadcasting receiving undertaking may lease from the Agency all necessary facilities and apparatus excluding signal modification and studio equipment, channel modulators and the antenna and headend of a broadcasting receiving undertaking, the terms and conditions under which the Agency provides such facilities and apparatus being agreed between the Agency and the undertaking in accordance with applicable statutory provisions.

ARTICLE VI - ADJUDICATION OF DISPUTES

IN the event of a dispute as to terms, conditions or rates affecting the use of facilities and apparatus of the Agency for the purpose of providing authorized programming services, the Province undertakes to take the necessary measures to ensure that such dispute will be adjudicated by its competent regulatory authority in order to ensure that such terms, conditions or rates are just, reasonable, and in the public interest.

ARTICLE VII - TECHNICAL STANDARDS

THE enactment and/or application of minimum technical standards in regard to facilities and apparatus used for the provision of programming services remains the responsibility of Canada.

ARTICLE VIII - CHANNEL CAPACITY AND PRIORITY

THE Province undertakes to take the necessary measures to ensure that the Agency will readily make available sufficient telecommunications capacity to permit the distribution of all authorized programming services which make use of the facilities and apparatus of the Agency, it being understood that distribution of programming services has priority over the distribution of other services with regard to the use of such facilities and apparatus.

ARTICLE IX - EXTENSION OF SERVICES

WHILE the determination of the timing and conditions for the introduction of programming services into the various localities in Manitoba remains the responsibility of Canada, Canada and the Province undertake to cooperate with a view to ensuring the orderly provision of programming and other services in Manitoba which make common use of the facilities and apparatus of the Agency.

ARTICLE X - EXCLUSIVITY

THE Province undertakes to take the necessary measures to ensure that the Agency will permit use of its facilities and apparatus for the distribution of programming services only by undertakings, entities, or individuals authorized by Canada.

ARTICLE XI - REVIEW AND AMENDMENT

THE provisions of this agreement shall be subject to joint review at the request of either party, and may be amended at any time by mutual agreement.

ARTICLE XII - TERMINATION

THIS agreement may be terminated by either party upon one year's notice.

IN WITNESS WHEREOF the parties hereto have signed the agreement.

FOR THE GOVERNMENT OF THE PROVINCE
OF MANITOBA

FOR THE GOVERNMENT OF CANADA

MINISTER OF CONSUMER, CORPORATE
AND INTERNAL SERVICES

MINISTER OF COMMUNICATIONS

